

# Egypt



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Allurentis is delighted to have been involved in association with UK Trade & Investment on this, the first edition of Egypt - Discovering Business and would like to thank all sponsoring organisations for their kind contributions. We are confident that it will raise awareness with all readers and prove to be an invaluable resource, especially for those wishing to become involved in the extraordinary business opportunities and growth prospects within Egypt.

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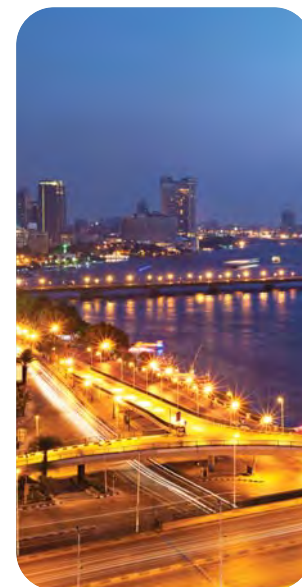
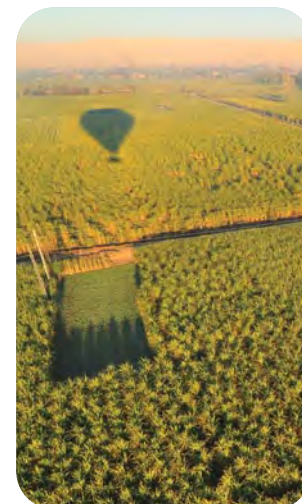
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# Egypt turns to private sector to build new economy

Egypt wants the world to know that it is open for business and ready to encourage investment. The country has gone through a period of political transition since early 2011. Inevitably, as with all periods of such change, this has taken a toll on the economy.

Nevertheless, throughout a turbulent period, the Government has held firm and continued to recognise that a sound business and investment climate is crucial to realising the country's vast potential and is steadfastly committed to a process of reforms.

As a result the environment for investors is being transformed. Stability is now firmly established, with a Government determined to unlock the country's underlying potential to become a major business centre and manufacturing and industrial hub in the region.

President Abdel Fattah el-Sisi, has stated that the Government is committed to pursuing policies aimed at achieving high and sustainable growth rates, making the country much more attractive to international and domestic investment. This means nothing less than a complete overhaul of the economy and administrative practices.

The country has rallied around an elected President who, with the assistance of a cabinet which mainly comprises Western educated technocrats, is demonstrating a willingness to make difficult decisions.

The focus is on a commitment to implement serious far reaching and comprehensive reforms. This involves a well structured programme to restore macroeconomic stability, address social inclusion priorities and achieve high, sustainable and well diversified growth. The strategy is already showing results.

Egypt has revised its GDP target for its current fiscal year to the end of June, upwards to 5.5% from 5% and the economy grew at 4.2% in the 2014-2015 fiscal year. This represented an increase from the 2.2% achieved in the previous year, itself a significant rebound since the turmoil of 2011.

Planning Minister, Asraf al-Arabia says that "the economy responded favourably to reform processes put in place by the Government and economic stimulus measures which have injected huge additional investments into labour intensive infrastructure projects."

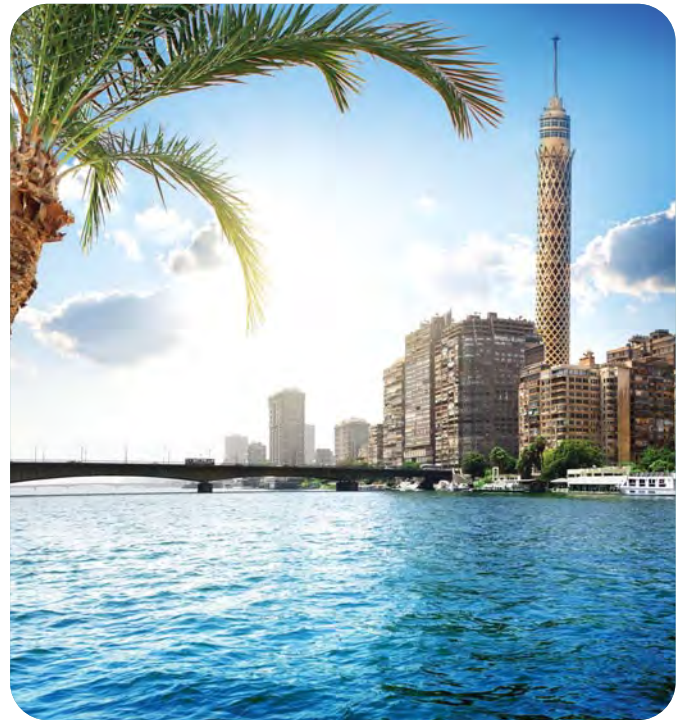
Policymakers are now targeting sustainable real GDP growth of at least 6% by 2019. The medium term strategy embraces concrete policies, programmes and projects to realise the Government's vision of a productive and efficiently run economy which generates high, sustainable growth for the whole population.

Ratings agency Standard & Poor's says that "Egypt's economic growth will be supported by broad political stability, alongside policymakers' commitments to embark on a new round of economic and fiscal reforms." According to HSBC, Egypt's GDP and exports are expected to grow strongly in the years ahead, helped by rising inflows of foreign investment to fund major projects.

Awkward political and economic decisions so often funded in the past, are now being addressed. The Government has initiated reforms to reduce energy subsidies, broaden the tax base, reduce the deficit and improve administration, particularly combating bureaucracy that impedes investors.

Far reaching amendments to the country's investment law have already been agreed, in particular the General Authority for Investment (GAFI) has been authorised to act as a one-stop-shop for investors while a new system of state land allocation has been introduced.

The Government is determined to modernise outdated legal practices and create a welcoming climate for investment, and is undertaking new efforts to tackle the regulatory and bureaucratic obstacles which have impeded private sector and foreign investment. This calls for policies which will ensure a level playing field where transparency and the rule of law prevail. The Government has said it is prepared to do what is necessary and is welcoming the private sector to seize the opportunity to engage in Egypt's economic renewal.



The Government is keen to show it can work with the private sector and the raft of PPP projects now planned, are giving officials an opportunity to underline this commitment. This follows the successful implementation of the New Cairo Wastewater Treatment Plant on a PPP basis.

A further range of utility projects are in the pipeline with the concept now also extending to other sectors. As a result, the Ministry of Finance's department is establishing itself as an internationally recognised leader in the development and implementation of PPP projects.

The Government is showing that it stands behind its pledge to renew the country's economy. It recognises that fulfilment of the strategic vision is important not only for its own people, but also for the entire

region. Many ambitious projects are being planned and executed to expand Egypt's production frontier, thereby transforming the country's entire economic landscape over the long term.

The Egypt Economic Development Conference (EEDC), held in Sharm el-Sheikh in March 2015, provided a platform to highlight the extensive reforms the Government is undertaking and its intention to drive growth and attract investors.

The Conference was well received and has given Egypt added momentum, resulting in pledges of investment projects and business deals which will help to boost long term growth and trade prospects.

Foreign companies made investment pledges valued at US\$72 billion, re-establishing the country as a destination for FDI and affirmed its role as a trusted partner on the international stage. Private sector commitments were made by a wide spectrum of companies, with two of the largest investment pledges totalling US\$16 billion coming from the UK's BP and BG Group.

Strategic sectors identified for development comprise housing and utilities, manufacturing, oil & gas, electricity, mining, agriculture, tourism, transportation and ICT. A major part of this ambitious blueprint is being focused on mega-projects including ports and industrial developments along the length of the Suez Canal and to the building of a new capital east of Cairo.

Greater Cairo has a population of 17 million people and cannot be expected to expand indefinitely. There is a strong need to move ahead with long considered plans to decentralise and a desire to press ahead with the Capital City project.

An agreement was signed in September 2015 with China State Construction Engineering Company, to carry initial works on the first phase of the proposed US\$45 billion venture, which is to be led by the

private sector. Investment opportunities are opening up as a consequence and indeed throughout the Egyptian economy.

The power sector is welcoming to private investors and is steadily becoming more diversified, with renewable resources including wind, solar and nuclear. Engineering services are in demand as infrastructure projects increase in the ports/logistics area and for planned new industries in the Suez Canal Economic Zone.

Egypt has a wide ranging economy which continues to expand. The country's oil & gas sector is fast developing with downstream industries, including refineries and petrochemical plants, set for substantial expansion. With modern mining technology, gold mining is set to become as important as it was in ancient times. Extraction of phosphates, industrial ores and the processing of these is also a window of opportunity.

Egypt is thinking big and is displaying its ability to undertake huge capital projects successfully. In August 2015, President el-Sisi inaugurated the expanded Suez Canal, which has been a vast project, now allowing vessels to navigate the waterway simultaneously in both directions. The Government has also shown commitment to an adjustment and reform programme, which is helping to raise economic growth in other areas.

There are still difficulties to overcome, particularly those faced by the important tourism sector. However, problems there are being tackled firmly and as security is being tightened most of the country remains unaffected. Investment in new hotels, resorts and airports is continued by entrepreneurs who realise that the challenges will subside in due course. Egypt is looking to the future by laying the groundwork for policies and practices and is supportive of business and investment as part of its broader macroeconomic strategy, which prioritises private investment led growth. ■

# H.E. Ambassador Nasser Kamel

Egyptian Ambassador to the UK



H.E. Ambassador Nasser Kamel

It is indeed a privilege to write this foreword statement for the first edition of the “Discovering Business in Egypt” report, and I am confident that the business community in the United Kingdom of Great Britain and Northern Ireland, and elsewhere, will find it a useful and insightful source of information regarding the business climate in Egypt and the opportunities it provides.

Over the past two years Egypt has resolved to undertake significant economic reforms, and to implement sound policies, as well as building new mega projects to drive economic growth in the new Egypt. This has been nothing short of rebuilding the Egyptian Economy after a number of years of economic stagnation due to the political instability Egypt has witnessed. These new economic policies, and the stability that Egypt now enjoys, in addition to an enhanced security situation has lead the economy to grow over the past financial year by 4.2% and is projected to reach 5% this year.

To give a glimpse of the projects Egypt has built or is undertaking, allow me first of all to highlight that Egypt was able to complete the Expansion of the Suez Canal in a record period of less than one year. Moreover, a new area around the Canal is now under development

to become a prime international investment destination by creating a superior business environment for attracting investments. The Suez Canal Economic Zone (SCZone) is highly expected to develop an international reputation for being a competitive business location that provides Egyptian and foreign investors with state of the art infrastructure, market access, and streamlined administrative procedures. Additional new mega projects in Egypt include the Golden Triangle in Upper Egypt in which major mining activities have been identified, the Northwest Coast Development Project which will be mainly focused on the tourism and agricultural sectors, in addition to the Airport City and building a New Capital City for Egypt. These projects are merely examples for the Government’s resolve to drive economic growth, development, and job creation.

Although the United Kingdom is already one of Egypt’s top investment partners, as it is the top non-Arab investor in Egypt, and third overall, I invite British companies from all sectors to increase their investments in Egypt in order to reap some of the benefits the Egyptian market provides and to play a positive role in Egypt’s path towards achieving progress and economic prosperity. ■

# HMA John Casson

British Ambassador to Egypt



John Casson

In 2016, international companies face a unique combination of opportunities and challenges when doing business in Egypt.

Our challenge is to make sure British companies take advantage of the opportunities of Egypt's diverse economy, its strategic position at the gateway to three continents, and its fast growing population. Even in the difficult years after 2011, many British companies have prospered here, especially in energy, power and consumer facing sectors such as telecoms, finance, education and retail. That is still very much the case.

At the political level I am very pleased to say that we now have the expert and active support of Jeffrey Donaldson MP as Trade Envoy of UK Prime Minister David Cameron, dedicated specifically to business ties between Britain and Egypt.

We want to build an even stronger business and economic partnership with Egypt. It is true that international companies face challenges doing

business here but the UK is keen to support an ambitious reform agenda and foreign direct investment is a key element of the Egyptian Government's programme. Expanding these business opportunities also means supporting Egypt's path of economic reform. Egypt's overriding strategic imperative is to reform and modernise its economy for the 21st century. That means more infrastructure. And it means taking an Egyptian population that is growing by 20 million a decade and making it into the country's economic engine – new consumers and newly skilled workers. Growth and political and economic reform must go hand in hand.

For British investors and exporters this modernisation challenge for Egypt means huge opportunities. The key to success is to have the right partners, the right sectors and the right time frames. The UK Trade & Investment team at the British Embassy are available to provide a full level of support to companies considering Egypt as a place to do business. Let us help you, help Egypt. ■

# UK Trade & Investment in Egypt

Jason Ivory, Director for Trade and Investment Egypt



Jason Ivory

The UK has a strong, long standing business and investment presence in Egypt and I am proud that we have been the number one foreign direct investor in Egypt for many years. In spite of the political unrest between 2011 and 2013, UKTI sees Egypt as a high growth, attractive market that can offer major and high value business opportunities to informed traders and investors in the long term.

Egypt has the largest population (approximately 90 million) and is the third largest economy in the Arab world after Saudi Arabia and the UAE. Its strategic geographical location makes it a hub for international trade between Europe and the Middle and Far East.

In 2014/15, UK companies invested US\$5.4 billion, an amount which is equivalent to more than all the investment from the US and the rest of the EU combined. Since 2010, UK companies have invested over £25 billion in Egypt, showing that the UK remains committed to the Egyptian economy throughout years of upheaval and political uncertainty.

In 2015, The Rt Hon Jeffrey Donaldson MP was appointed by Prime Minister David Cameron, as UK Trade Envoy to Egypt. The role of Trade Envoys is to work with governments and business in the UK and in high priority markets overseas to strengthen trade. The Prime Minister's appointment of Mr Donaldson is a clear sign of the UK's commitment to support Egypt by strengthening trade and investment, and providing

advice on improving the business climate in Egypt to the benefit of both countries.

A large proportion of UK investment in Egypt has been in the oil & gas sector. I am proud that British Companies like BP and Shell have built the modern, world class infrastructure that powers Egypt's economy. BP's US\$12 billion investment announced in March 2015, was the largest investment in Egypt's history.

However, opportunities are not just limited to the oil & gas sector. There are opportunities abound across many other sectors such as education, defence & security, ICT, transport, energy, infrastructure and health. We want to build an even stronger business and economic partnership with Egypt. It is true that international companies face challenges doing business here but the UK is keen to support an ambitious reform agenda and foreign direct investment is a key element of the Egyptian Government's programme.

Investors and businesses were impressed by the Government's economic reform plan presented at Economic Development Conference in March 2015. One year on, the priority is to see it delivered. I believe there are significant commercial and investment opportunities to be pursued by businesses from both the UK and Egypt and I look forward to giving all possible encouragement and support to those companies considering doing business in this diverse country. ■



# Egyptian Commercial Service in the UK

Mohamed Shawky, Minister Plenipotentiary,  
Head of Commercial Office, Embassy of Egypt in London



Mohamed Shawky

The Egyptian Commercial Service (ECS) is part of the Ministry of Trade and Industry in Egypt which works through its network of offices abroad, to promote trade and investment with other countries. ECS offices abroad work as part of the Egyptian Diplomatic Missions.

ECS-London's scope of work covers all economic and trade related issues between Egypt and the UK, including the promotion of bilateral trade, marketing of Egypt as a location for UK investments as well as helping Egyptian companies be aware of the trade potentials with their British counterparts and vice versa.

Our tools in promoting bilateral business include but are not limited to, organising official and business missions, facilitating the participation in trade exhibitions, carrying out market research and trade reports and assisting in resolving business and trade disputes.

Another important role of ECS-London is to maintain direct communication with Government agencies and authorities in Cairo, this means having the knowledge of business related laws and regulations.

In addition, we assist UK businesses interested in working in Egypt, not only to get acquainted with the business environment, laws and regulations but also to help them in accessing potential business opportunities in Egypt.

Egypt has huge potentials which encourage the ambition of locating itself as one of the most attractive investment destinations in the Middle East and North Africa. This includes a strategic location which connects the three continents Africa, Asia and Europe, a large consumer base of almost 90 million, diversified economy, skilled and well trained multilingual workforce where 60% of the population are aged under 30, resilience to challenging circumstances both internal and regional as well as adoption of a package of ambitious mega projects, such as the Suez Canal Zone Development, the Golden Triangle mining and industrial project in upper Egypt, the Northwest Coast development project, the New Capital City and the Airport City.

In addition, The Egyptian Government is focusing on promising sectors such as, infrastructure, ICT and renewable energy, which is aiming to supply 20% of the electricity demand by the year 2020, from renewable energy sources, including 12% from wind power and 8% from solar and other renewable sources.

We regularly work closely with different stakeholders involved in Egypt-UK economic and trade relations, mainly UKTI, the Egyptian British Business Council (EBBC), The British Egyptian Business Association (BEBA), The Egyptian British Chamber of Commerce (EBCC), and others.

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# Egypt's economic outlook: Just the right time to invest

PricewaterhouseCoopers

With faster pace on the track of political stability, Egypt's signals of economic recovery have shown improvements in many areas.

## Macroeconomic overview

Through the hard times, Egypt has managed to keep a positive position exceeding 2% of real GDP growth as an average in the years 2010/11 to 2013/14, still below rates achieved before January 2011.

The Egyptian real GDP grew by 5.6% in 1H2014/15, with investment being the main driver of such accelerated growth aiming to reach 6-7% by 2018/2019.

Growth is driven by many sectors, including services, industry and agriculture. High household consumption (making up more than 80% of GDP) is one important factor of the Egyptian economy's resilience against shocks, having defended the economic growth at downturns.

Egypt recognises its urgent need to achieve high levels of growth especially with its steadily increasing population, to contain the unemployment rate (currently standing at about 13%).

Inflation still stands at a two digit figure, creating challenges on the economic and social fronts. Annual Consumer Price Index (CPI) recorded 10% in October 2015.

Egypt has recorded implemented investments of more than US\$18 billion during the first half of the financial year 2014/15, with the expected final figure for the whole year to exceed US\$45 billion. The country will very much rely on the private sector on yearly investments by more than 65%, giving it a high chance to grow.

For the year 2015/16, Egypt targets a higher level of total investments, amounting to US\$53 billion, representing 14.7% of GDP. However,

gross domestic saving rate still lags behind, recording 5.8% of GDP in 2014. This gap in investment financing, stresses the need for FDI to decrease the need for borrowing. Net FDI inflows record about US\$6.4 billion as a preliminary figure for year 2014/15. Egypt seeks higher investment rates, (including FDI) as an important wheel to drive higher growth rates.

#### **Better business environment:**

Egypt has recently implemented a number of reforms and have others scheduled.

#### **Fiscal reforms:**

While government debt (both domestic and external) has slightly reduced to 90% of GDP in the financial year 2014/15, the level remains elevated as a result of persistent fiscal deficit. The Government targets a slight reduction to 8.9% of GDP in the financial year 2015/16.

#### **Subsidy cuts:**

Egypt commenced its reform programme by tackling structural imbalances to restore macroeconomic stability and drive growth.

Gradual elimination of energy subsidies which started in July 2014, to mitigate the pressure on budget deficit is an adjustment which could amount to 2% of GDP.



Subsidy reform will shift business incentives towards labour intensive industries as opposed to capital intensive ones, and also signals a change in the nature of public finance management, decreasing wasteful and regressive spending in favour of more capital and investment spending.

Reflecting this shift, the budgetary allocation in the financial year 2014/15, for health and education, exceeded energy subsidies for the first time in many years.

#### **Tax reforms in the pipeline:**

Egypt is targeting to increase mobilised government resources (mainly taxes) while keeping an eye on firms investment incentives.



Building on years of experience, diversified services and over 300 partners and staff, PwC has a lot to offer when it comes to a better investment environment.



A Presidential Decree was issued to promulgate Law no. 96/2015. The tax rate applicable to the annual taxable profit of legal entities is reduced from 25% to 22.5%. In addition to the cancellation of the extra sure tax of 5% which was applied, time-bound for three years.

The payroll tax ceiling was also reduced from 25% to 22.5% for income exceeding US\$25,500 per year.

To encourage investments, the Ministry of Finance is planning to keep such rates for at least ten years.

The sales tax rate has decreased from 10% to 5% on imported tools, equipment, and machinery necessary for recognised business activities.

A VAT law has been drafted to replace the general sales tax and create an incentive to join the formal economy.

#### **Institutional reforms and ease of doing business:**

Amendments to some laws which regulate the business environment in Egypt have been passed. Such amendments are aimed at:

- Improving the one-stop-shop at General Authority for Investment and Free Zones (GAFI).
- Establishing the National Center for Developing & Promoting Investments at GAFI, which will be liable for preparing an investment map for Egypt.
- Setting a legal framework and standard procedures for dispute resolution.

Addressing current investor disputes marks an entry point for potential foreign inflow. Easing repatriation issues marks another boost.

The Central Bank of Egypt's swift move to a sustainable policy mix with a cut in policy rates, accompanied by a depreciation in the cut-off FX auction rate will help limit the currency overhang and revive lending activities.

Additional incentives for businesses which meet certain criteria also include: permission to open customs outlets, reduced energy prices and related payment facilities, returning full or partial utilities expenses

to the investor after the operating of the project, and free land granting (in upper Egypt).

### Commitment for mega projects

The Government launched a number of national mega projects which are labour intensive, focusing on priority sectors, including power, energy and infrastructure projects.

For example, the Suez Canal Development Project (SCDP) capitalises on Egypt's strategic location at a crossroads for international trade. It includes expanding the capacities of a number of existing sea ports, establishing large scale logistics areas and modern industrial zones.

### PwC Egypt: A partner in success

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PwC is also the leading provider of tax services worldwide both in terms of the size and scope of our tax practice and our reputation. We lead the debate with tax authorities and governments around the world, changing the way we all think about tax.

PwC has also been a part of the social dialogue and policy advocacy. Building on a wide network of experienced practitioners, PwC has held discussions about issues that have economic implications for investment. Stemming from our belief that PwC has a role to play in building an inclusive vision for Egyptian economy and results. ■

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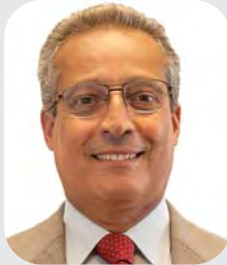


# Top tier law firm in Egypt

Zaki Hashem & Partners, Attorneys at Law



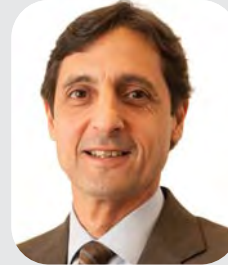
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Senior Partner, Litigation



Mr. Sameh Khodeir, Senior  
Partner, Oil & Gas



Ms. Hala Hashem, Senior  
Partner, Corporate,  
Insurance & Labor Law



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Managing Partner,  
Corporate M&A

Zaki Hashem & Partners is a long established law firm in Egypt, which has been in existence since 1953. It is one of the oldest and largest law firms in Egypt and the Middle East. The firm was founded by the late former Cabinet Minister Dr. Zaki Hashem (1920-2014), a leading renowned international attorney at law and arbitrator who specialised in oil & gas, arbitration and international private law. Dr. Hashem also held the post of President of the Egyptian Society of International Law for a decade and was its Honorary President for life.

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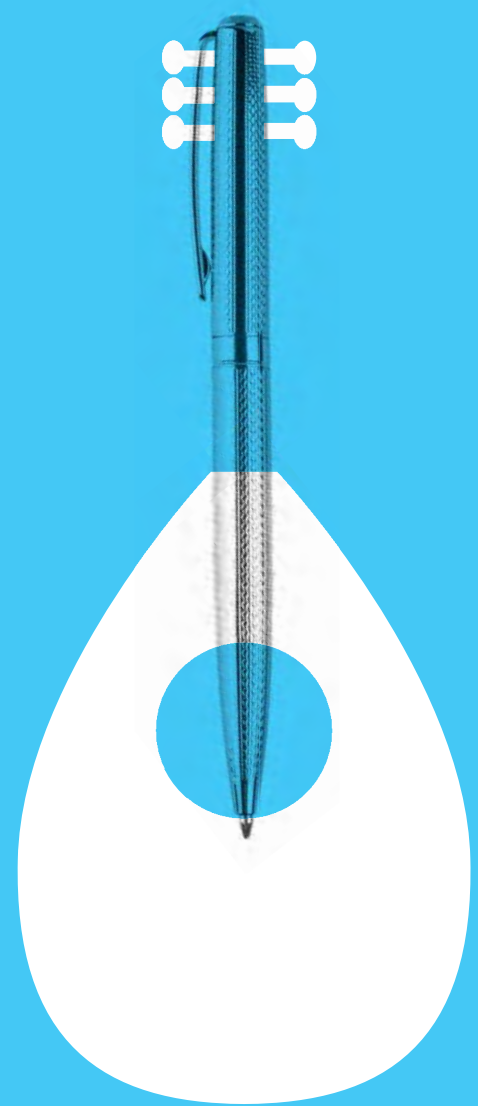
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# Egypt - a legal perspective

Tim Armsby, Partner, Head of Energy & Infrastructure - Middle East, Eversheds



Tim Armsby

A predictable application of law and procedure and transparency is an absolute prerequisite for a positive business climate. How do you assess the legal environment in Egypt as it affects foreign investors?

Egypt has a well developed legal environment and rightly regards itself as a leader for jurisprudence in the Middle East. I have been advising on transactions in Egypt for nearly 15 years and was based in Cairo, practising as an international lawyer, between 2005 and 2012. Through this experience I got to know the Egyptian legal system very well. The Egyptian Civil Code which is based on the Code Napoleon is well understood and has been adopted in similar form by many other countries in the region. This is supported by numerous commercial laws which provide a sound framework for doing business. It is relatively quick and easy to establish a company and 100 % foreign ownership is permitted in most sectors. Egypt still struggles with the level of bureaucracy and lack of transparency around matters such as operational permits. That said, I do not consider that the World Bank Doing Business survey is representative of Egypt's true position compared to regional competitors.

Eversheds is involved in many emerging markets including several countries in the Middle East. What draws the company to Egypt at this time?

As a firm we have been operating in Egypt for many years through our association with Shahid Law, which is a member of the Eversheds Africa Legal Institute (a network of more than 30 firms across Africa). I have continued to advise on transactions in Egypt since moving from Cairo to Abu Dhabi in 2012. As a result, we were keenly aware of the opportunities in Egypt which have arisen in recent years, following the Egyptian revolution. The opportunities are across all sectors, but infrastructure and energy have been key growth areas for us. We are currently working on one of the first new PPP projects to be launched since the revolution; the Nile River Bus PPP. This project aims to establish a new river bus transportation network in central Cairo. As someone who used to commute into Cairo on a daily basis, this a project I am particularly excited about. We are also playing a leading role in the renewable energy sector, both in terms of advising developers on the various schemes underway, but more importantly working with the International Finance Corporation and other multilaterals to raise awareness of the opportunities

and work with private and public sector stakeholders, to ensure a bankable regulatory and contractual structure is in place. We have formed a close relationship with the New and Renewable Energy Authority (NREA), as a result of this role. NREA should be lauded for the open and collaborative approach they have taken with their 4.3GW programme.

**The Egyptian Economic Development Conference in Sharm el-Sheikh in 2015, set out a route map for a range of reforms and huge new investments. What are the main legal challenges facing potential foreign investors?**

The legal challenges are limited; the key challenges are the decision making process and the current economic environment. A large number of investments were announced following the EEDC Conference which was representative of the global goodwill towards Egypt. Taking the investment announcements forward, has been difficult due to a bottleneck in the decision making process, particularly on negotiated deals which must obviously be subject to additional scrutiny and approvals. This was aggravated by the fact that no parliament was in place at the time of the conference. We are now starting to see priority projects move towards execution, but financing them remains a major challenge because of the current foreign exchange reserve position. This has led to certain restrictions in the banking sector which are limiting the ability to convert and transfer hard currency offshore. Financing projects in this environment is extremely challenging, although, a number of parties are working on solutions.

**Within the Egyptian economy, are there any particular sectors such as mining, oil & gas and infrastructure projects which Eversheds is interested in?**

As a firm we are targeting all sectors, although oil & gas, power and transport have been the areas of priority to date. Until the



economic position improves it will remain difficult to finance projects in other sectors.

**What are the prospects for development of PPPs in Egypt? Is this development an area of interest to Eversheds?**

I have been working with the PPP Central Unit (PPPCU) within the Ministry of Finance since 2008, and advised the Government on a number of PPPs. As noted above, we are currently working on the Nile River Bus PPP and other PPPs are either under study or procurement. PPP represents a major opportunity for Egypt to leverage off private capital and experience in the improvement of infrastructure and



Egypt has a well developed legal environment and rightly regards itself as a leader for jurisprudence in the Middle East.



services. Whilst execution of projects has been constrained by external factors such as the GFC and Arab Spring, the framework is in place to quickly get projects to market – Egypt has an excellent and comprehensive PPP Law and the Government has an experienced team in the PPPCU to manage the procurement. Again, a key constraint currently is foreign exchange, but this should improve in the short to medium term.

**The Egyptian legal system is complex, based on Sharia principles as well as the Napoleonic Code. Does this lead to confusion?**

Not at all. In practice, Sharia principles play little role in commercial transactions – these are governed by the Civil Code and other special laws.

**Do you think that Egypt needs to streamline its legal system in order to boost foreign investments into the country?**

As with many civil law systems, legislation can be slow to adapt to change, but the Government is certainly aware of this and has already introduced a number of changes in recent years. The new Electricity Law is an example of this. Now that Parliament is back in place, one hopes that legislative reform will move with a quicker pace.

**The OECD has said that in Egypt it appears de facto practices may sometimes fall short of de jure provisions in terms of protection of intellectual property rights, guarantees against expropriation,**

**conduct of international investment arbitration and amicable settlement of disputes. Do you concur with this assessment?**

These have certainly been concerns in the past, but Egypt is a party to most of the major international treaties concerning investment and enforcement of foreign arbitral awards, such as the New York Convention. Certain protections are also enshrined in the Investment Law. However, it is important to give careful consideration to the contractual and legislative framework applying to a specific project and seek to take advantage of applicable Bilateral Investment Treaties (BITs) and other legislation. This is an area we have been advising many clients on in the renewable energy sector.

**Would you recommend companies insisting on clauses to specify international arbitration of disputes when drawing up their contracts?**

International arbitration would be the strong preference as the Egyptian court system can be very slow and there may be concerns as to the ability to deal with complex disputes at the courts of first instance. When entering into contracts with the Government, it is important to verify that the necessary approvals have been obtained as to the use of arbitration. Where arbitration is accepted in Government contracts, they will often apply the rules of the Cairo Regional Centre for International Commercial Arbitration which applies modified UNICTRAL rules. ■

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## IT'S NEVER JUST BUSINESS



HSBC 

# HSBC offers route into Egypt's economic development

Ahmed Yeganeh, HSBC Egypt's Head of Commercial Banking



Ahmed Yeganeh

Egypt has embarked on the most wide ranging economic reform programme in its history. While there are many challenges to overcome there are increasing opportunities opening up for FDI as a result. Despite the headwinds which have slowed the economy and are buffeting key sectors such as tourism, political stability has returned with the economy having a much firmer foundation to build on, says Ahmed Yeganeh, HSBC Egypt's Head of Commercial Banking.

As the Government continues its ambitious programme of reforms, designed to build a modernised dynamic economic structure, opportunities are gradually opening up. Long overdue changes to administrative and legal practices aimed to cut back bureaucracy, are part of the long term strategy alongside new legislation which supports infrastructure growth and the development of PPPs.

The overhaul of the economy promises to transform the country's business environment which means that Egypt is becoming increasingly attractive for FDIs.

"Egypt is now a very interesting place to invest in. New infrastructure projects feature in Egyptian development plans but what is making the country especially attractive to investors is, Egypt's increasing logistics role as a gateway between East and West and a corridor to the Gulf Cooperation Council (GCC) countries and beyond to Southeast Asia."

According to Yeganeh, even though GDP growth predictions in the current fiscal year have been revised downwards, the longer term prospects are looking promising for foreign investors, with the prospect of 5-6% GDP growth over the next three years. This expected economic expansion is the best in the region, even better than Saudi Arabia's projected 4-5% economic growth or 3-4% in the rest of the GCC and certainly better than Europe or the US, where GDP growth projections hover barely above 2%, he says.

Egypt is the largest consumer market in the Middle East with a population approaching 90 million. This means there are big opportunities in a huge and



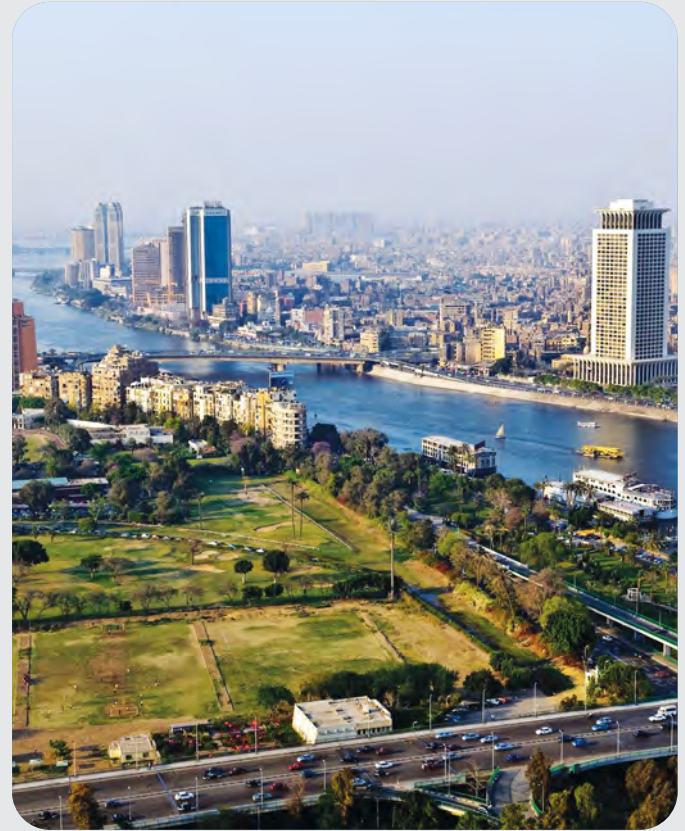
growing consumer market. Despite the upheavals in recent years, the Egyptian consumer market has been quite robust and with stability now maintained there is continued growth momentum, which is seen in the rapid expansion of shopping malls and residential developments, Yeganeh points out.

While there are big opportunities, Egypt can be a complex environment to navigate without the right help and guidance from those who understand the country and can provide the know-how and contacts to turn challenges into benefits.

The path for foreign enterprises into Egypt's economy can be particularly complicated, therefore, the guidance of those who not only know the language but also the business culture is vital. HSBC is well placed to assist in this process with a depth of knowledge and experience in the country which stretches back some 34 years. HSBC Egypt punches above its weight in the market, Yeganeh says.

HSBC is ranked as Egypt's third private largest bank in terms of revenues and employs more than 2,000 people operating a network of more than 70 branches in the country. The bank has considerable status both as a domestic and international institution, with a strong presence in its three business groups – Global Banking and Markets, Commercial Banking as well as Retail Banking and Wealth Management.

As such, the bank is well placed to help in progressing the Egyptian Government's plan to expand the economy and to integrate SMEs more fully into national development plans.



There are a vast number of SMEs with turnovers ranging from less than a million Egyptian Pounds (US\$110,000) to up to 100 million Egyptian Pounds (US\$11 million) and are engaged in activities ranging from manufacturing and construction to IT. These could expand and develop much more rapidly by greater links with the financial sector.

In particular, HSBC believes it is well placed to support efforts to facilitate foreign investment through the bank's global connectivity. The bank is committed to the Middle East and North Africa region and in Egypt ranks as the one truly international bank with a global reach.





HSBC is a trusted strategic partner and remains committed to Egypt, which the bank considers to be a priority market in the region and globally.



Yeganeh says the bank's role is not merely financial and transactional but also as a facilitator which can assist with providing support on investment rules and regulations and establishing the right entity to reach medium and long term investor goals.

Some of the Gulf's largest private sector firms have made substantial commitments in Egypt in the past year, including Dubai Ports World signing an agreement to develop the Ain Sokhna seaport, and Acwa Power and Masdar signing MoUs with the Egyptian Government, to invest US\$15 billion in new power plants. The total investment committed to Egypt by these firms, in addition to investments by international companies, was more than US\$90 billion at the Egyptian Economic Development Conference held in 2015, in Sharm el-Sheikh.

Realising the full potential of this promised investment will be a difficult process. Major investment programmes are going to take time to improve an undeveloped and over-burdened utilities network, which has resulted in shortages of electricity, fuel and water causing disruption to business operations.

Egypt's inflation level is above 10%, revenues are down while projections for GDP growth in 2016 have been reduced from 4.5% to 3.5%. Foreign currency reserves have fallen and there is a foreign exchange shortage in the market.

The Government is endeavouring to contain spending as the country's current account deficit continues to persist in 2016. Progress also has to be made on fiscal measures, including introduction of VAT and legal and structural reforms to cut red tape and improve transparency.

Egypt still faces a severe fight against terrorism. Until this threat is contained the country's tourism industry will continue to be jeopardised.

Without downplaying the challenges, there are sound reasons why investors should be looking at Egypt now, Yeganeh believes.

The recent devaluation of the Egyptian Pound, reducing its value by 13% from 7.73 to 8.85 Egyptian Pounds to the Dollar, had been anticipated for some time and has served to remove a major source of uncertainty for potential investors.

While the overall impact will take time to be felt, the move has been broadly welcomed. Companies will be more willing to pursue investment strategies while private individuals will also be more willing to sell their Dollars, which should help alleviate to some extent the shortage of foreign exchange in Egypt.

Many businesses had put investments on hold pending the move. Imports will be dearer, at least in the short term, though oil and wheat prices are low at present, which mitigates the cost of importing these key commodities.

With devaluation having lifted uncertainty, investment decisions can now be made with greater clarity and momentum will build up in major project areas, Yeganeh believes. This is already being seen in sectors such as alternative energy and the investment in retail projects such as shopping malls. Mega developments are particularly good news for the country, especially ENI's gas discovery, he says.

Regulations capping foreign exchange deposits and withdrawals for companies importing essential goods have been removed.

The Central Bank has also scrapped restrictions on forex deposits and withdrawals for individuals and in a parallel move, Egypt's main state-owned banks have raised rates on Dollar denominated certificates of deposit.

While pressures on the economy continue with interest rates expected to increase in the short term, the pain is predicted to be offset by greater certainty and a more dynamic economy which will stimulate investment and as a result create greater employment. Local

companies have adequate Egyptian Pound balances which makes the market robust in those areas where investment is made in the domestic currency, Yeganeh says.

The Egyptian economy, in common with other countries, still has to face a contraction in global trade, but the country enjoys powerful support. Its ambitious economic reform project remains on track with the hard currency backing of regional donors and multinational partners such as the International Finance Corporation which are able to provide long term finance.

Egypt's business reforms with their emphasis on private sector led development, together with an ambitious and wide ranging investment programme are designed to build a new and influential economy in the region and beyond, that will reinforce the country's role as a mediator in the region.

There is growing interest from companies in Saudi Arabia, the UAE, France, South Korea, China and Japan as well as from major US corporations, Yeganeh observes. HSBC is a trusted strategic partner and remains committed to Egypt, which the bank considers to be a priority market in the region and globally.

HSBC provides much more than cash management services and has an understanding of the economy and the way business is transacted, which clients can leverage to help them develop and grow their activities in Egypt. "We remain positive about Egypt and see positive changes unfolding. The future outlook is improving and it is the right time to consider investing in the country." ■

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A BANK TO TRUST

# Banks build solid foundation for growth

The potential for growth in Egypt's banking market is substantial, given the economic expansion now underway which is starting to stimulate interest from new regional and international businesses. Investors are beginning to regain their confidence in the resilience of the domestic economy, allowing banks to redirect their focus on substantial new opportunities opening up within the market.

In particular, Egypt's still largely untapped retail banking market is attracting the interest of both local and regional institutions including National Bank of Abu Dhabi, Abu Dhabi Islamic Bank, Emirates National Bank of Dubai and Qatar National Bank.

The country's banking sector consists of five state-owned banks in Egypt, providing two thirds of the country's branch network. The largest are National Bank of Egypt, Banque Misr and Banque du Caire, which control almost 40% of total assets. The state also has interests in seven banks operated jointly with the private sector. There are also 26 private banks and foreign bank subsidiaries such as HSBC in addition to the representative offices of leading global players which include Credit Suisse, Standard Chartered and JP Morgan Chase.

The Washington based Institute of International Finance believes that an improved economic environment in Egypt, will strengthen its banking and financial services sector. "Market sentiment in Egypt has improved markedly following greater political stability and the recent implementation of several reforms, including steps to reduce subsidies, tax reform measures, approval of the new investment law,

and other structural reforms to improve the business environment," according to the Institute's Regional Economist, Garbis Iradian.

Egypt's banks are keen to diversify and promote asset growth and reduce their exposure to government lending. Until now the Government's need to borrow locally has allowed Egypt's banking sector to secure an easy yield by extending credit to the sovereign borrower and for several years the banks have been preoccupied in investing in Treasury bills. A growing and successfully managed economy is expected to allow a much broader range of business to result without the country's banks becoming vulnerable to a lowering of asset quality.

Some years ago a rapid growth in bad debt in the form of non-performing loans held by Egyptian banks, saw the Central Bank carry out a lengthy process of sector reform. Over the last 12 years this process has seen a reduction in the number of banks operating in the country from 61 to 39.

There has been an increase in minimum capital requirements and measures introduced to improve asset quality. State-owned banks have also been restructured while the international benchmark banking standards formulated by the Basel Committee on Banking Supervision, are steadily being applied.

Five of Egypt's domestic banks, National Bank of Egypt, Banque Misr, Commercial International Bank, Arab African International Bank and Banque du Caire, now rank among the top 1,000 banks worldwide with



Tier One capital. Tier One is a core measure taken by regulators in assessing the financial strength of banks.

The Union of Arab Banks says that assets held in the Egyptian banking sector increased 11.6% in the first nine months of 2015, to some US\$250 billion with loans rising by 12%. Egyptian Government deposits accounted for 15.65% of total deposits in the country's banking sector.

A stringent approach to regulation over the last decade has underpinned Egypt's banking industry. A steady influx of remittances from Egyptians working abroad of some US\$20 billion annually, helps support the financial system's overall deposit base and to provide liquidity.

While Egypt has developed a well established and stable banking sector, with a population approaching 90 million people, the country is hugely underbanked. According to the World Bank, Egypt has 4.8 commercial bank branches per 100,000 adults, a ratio which is one of the lowest in the region. There are probably fewer than eight million account holders, most of whom live in Cairo and its satellite towns, Alexandria and a few other principal cities.

Hisham Okasha, Chairman of the country's oldest bank, National Bank of Egypt, believes that the potential for retail banking is huge, particularly for lending to SMEs, which is something that the Government is very keen to promote.

At the end of November 2015, President Abdel Fattah el-Sisi, authorised the Central Bank to implement a comprehensive programme to support SMEs, so that loans over the following four years would account for at least 20% of total loans issued.



Extending credit to SMEs is a challenge though, given a general lack of up to date and reliable business data on individual companies. However, the ability of lenders to make sound decisions when extending loans has been enhanced by the introduction of the country's first credit bureau known as I-Score.

Another part of the Government's strategy to stimulate the economy via the banking system is through provision of low cost financing for mortgages. There is considerable scope in Egypt for the development of a mortgage industry following a partnership of the World Bank and its affiliate, the International Finance Corporation, which helped create the Egyptian Mortgage Refinance Company in 2006. Since then a dozen local mortgage companies have been formed.



The potential for growth in Egypt's banking market is substantial, given the economic expansion now underway which is starting to stimulate interest from new regional and international businesses.



Further proposals to develop the sector include introduction of refinancing instruments and sharia-compliant financing models. A further boost to the nascent sector came in 2014, with the Government allocating US\$1.3 billion in funds for banks to re-lend in the form of housing loans with 20 year terms and interest rates of 7-8%.

The challenge for the banking system overall is to draw in more customers. Less than one in ten adults has a bank account while only 55% of SMEs are estimated to have a banking relationship. The Chairman of the Housing & Development Bank, Fathy El Sabai Mansour, says that while there are numerous financial products on offer, the problem lies in the country's huge area and a lack of adequate branch networks to service the potential customer base.

However, new technologies are likely to help the banking sector in its efforts to widen its customer base. This reflects the increasing take-up by a new generation of mobile devices to access internet links including financial services. Around a third of the population connecting via the internet already do so with mobile devices.

In addition to an expansion of branches, initiatives such as microfinance programmes, payroll services and online banking, especially through mobile applications offer ways to reach out to new customers. At the end of 2014, the National Bank of Egypt

introduced a mobile payment platform and pre-paid cards in a bid to reach the mass of the population not holding a bank account.

Egyptian banks are now widening their reach and prospects for expansion and increased profitability are good. In view of this, Moody's Investor Service in July 2015, changed the outlook for Egypt's banking sector to stable from negative. This reflects its expectation that banks' funding and liquidity positions will remain strong amid improving operating conditions over the next 12-18 months.

The change is said to reflect improvement in the operating environment for banks in Egypt, driven mainly by the country's raised macroeconomic performance and the new Government's ongoing commitment to fiscal and economic reforms.

According to Moody's analyst, Melina Skouridou "We expect real GDP growth acceleration, which will not only create business opportunities for the banks but also support improvements in their loan quality while allowing them to maintain strong funding and liquidity positions. The Egyptian banks' deposit based funding structure remains a credit strength. We expect deposits to continue to grow, likely above nominal GDP growth, driven by a rise in remittances from migrant workers and by the banks' deepening penetration of the bankable population." ■



Egyptian British Business Council  
مجلس الأعمال المصري البريطاني

## Egyptian British Business Council - EBBC

In November 2015 the Prime Minister appointed the Rt Hon Jeffrey Donaldson MP as his Trade Envoy to Egypt. This underlined the view of UK Trade & Investment (UKTI) that Egypt is an emerging market where it has identified substantial trade and investment opportunities. The economy is one of the largest in the Middle East & North Africa (MENA) and the most diversified. Its population of 90 million (half of which are under 25) includes a middle class of over 30 million - larger than the total population of any east European country other than Poland. This has helped ensure that the consumer and banking sector have remained strong and profitable in spite of the political turbulence of recent years and the economy continues to grow.

Did you know? Egypt's national dish of ful medames contains cooked fava beans – imported from the UK. Egyptian auto manufacturer MCV is exporting 60 red double decker buses – to London

The annual trade in goods between Egypt and the UK amounts to £2 billion and is complemented by substantial trade in invisibles. But the

UK is not one of Egypt's leading suppliers and there is room for the UK share of the Egyptian market to grow. This is a major aim of the Egyptian British Business Council (EBBC), which was established in 1998 by the two governments to identify opportunities and obstacles to bilateral trade and investment. The EBBC has Egyptian and British sides, who bring together the leading UK firms investing in Egypt and several top Egyptian private sector companies, providing an unparalleled breadth of knowledge and networks in the Egyptian market.

The Egyptian side is appointed by the Minister of Trade & Industry and the British side works closely with UKTI, the British Embassy in Cairo, the Egyptian Embassy in London and, now, the Prime Minister's Trade Envoy (who has joined the EBBC Board). We also work in close association with the Egyptian British Chamber of Commerce (EBCC) whose trade facilitation role and relationship with Chambers of Commerce across the UK enable it to support SMEs looking to do business with Egypt and therefore to complement the strategic role of the EBBC and its relationship with the larger companies and the two Governments.

Enquiries to Robin Lamb, Executive Director: [robinebbc@gmail.com](mailto:robinebbc@gmail.com)





# The Egyptian British Chamber of Commerce - EBCC

Access to the right people and the right information is vital for business success.

The Egyptian British Chamber of Commerce (EBCC) was founded by the two governments in 1981. The Chamber provides the business communities in Egypt and the UK with the opportunity to develop networks, exchange ideas and influence policy makers in both countries.

The Chamber is well connected to the various bilateral organisations that deal with Egypt and the UK - both in government and the private sector. It further has close ties with the over 50 regional Chambers of Commerce across the UK. This provides an excellent networking platform for importers, exporters, and investors from both countries.

We help our members - largely in the SME sector - grow their business via bespoke advice and a series of events, workshops and regular targeted trade missions to Egypt, as well as market visits for Egyptian companies to the UK.

There are abundant opportunities for UK business in the Egyptian market. Egypt's fast growing, young population of 90 million, diverse and expanding economy, and its strategic location linking the Middle East, Europe, Africa and Asia, all make it an ideal regional and global business hub. It is a place where British business continues to thrive particularly in the energy and consumer facing sectors such as retail, finance, education and telecoms. Now is the time to do business with Egypt!

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# British Egyptian Business Association - BEBA

## Mission Statement

"The pre-eminent forum and driving force facilitating British/Egyptian business relations."

## Profile

The British Egyptian Business Association (BEBA) is a non-governmental, non-profit organisation, serving the interests of the British/Egyptian business community. BEBA was established in 1996, with 100 members. Today, it has over 700 members, covering a broad cross-section of leading British and Egyptian corporations and individuals.

BEBA offers a wide range of services to its members, such as opening channels of communication between British and Egyptian businesses, organising trade missions between the two countries, showcasing current key business issues through workshops and seminars and lobbying for change at a governmental level on behalf of BEBA's members. BEBA also provides access to senior UK and Egyptian Government officials.

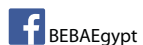
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# Middle East Association

Guiding British businesses to success in the  
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The Middle East Association (MEA) is the UK's leading business forum for promoting trade and investment with the Middle East and North Africa. Founded in 1961 and based in London, the MEA is an independent, not-for-profit membership association, representing around 350 organisations from all business and industry sectors.

With our unrivalled network of government and private sector contacts, longstanding experience and in-depth market knowledge, we are uniquely placed to provide British companies with the intelligence, access and guidance they need to develop their business successfully in the region.

Membership of the Association offers a range of benefits and incentives including special rates for our events and trade missions, networking opportunities, consultancy advice and representation of members' interests to government, as well as access to exclusive business intelligence and special offers through our website.

To find out more contact: +44 (0)207 839 2137 or [info@the-mea.co.uk](mailto:info@the-mea.co.uk)

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## Reformed energy sector attracts major foreign investment

Egypt is the largest non-OPEC oil producer in Africa and the continent's second largest natural gas producer after Algeria. The country also serves as a crucial transit route for oil shipped from the Arabian Gulf to Europe and the US, through the operation of the Suez Canal and the Suez Mediterranean (SUMED) Pipeline.

However, despite possessing considerable hydrocarbon resources, the country has struggled in recent years to meet a steadily growing demand for fuel, especially natural gas, from both domestic and industrial users.

Egyptian oil production peaked at 922,000 bpd in 1996, but fields have matured and production has declined. In 2014, petroleum production averaged 708,000 bpd with fields located in the Western Desert, Gulf of Suez, Eastern Desert, Sinai, Mediterranean Sea, Nile Delta and Upper Egypt. The decline in crude production means that national oil consumption currently outpaces production with domestic output meeting around 70% of domestic needs.

Production of natural gas has also become critical to the economy. Egypt has an urgent need to raise domestic production after becoming a net importer in recent years. Gas shortages have led to power cuts and left energy intensive industries under supplied.

However, the challenge is being robustly tackled with Egypt now fast emerging as a significant regional oil & gas market, with a rush of new exploration deals concluded and the prospect of more to come. A huge new offshore gas discovery combined with the commitment by major international oil companies, to a new round of exploration and development projects, promises to revitalise Egypt's energy sector.

A key factor in the resurgence in Egypt's oil & gas exploration has been the Government's willingness to go ahead with bold market reforms in the pricing of fuel and stick to repayment schedules covering debts owed to international oil companies.

The price that Egypt has paid foreign operators for the natural gas they produce in the country, has been too low for new developments to go

ahead as economically viable projects. This has been a particular problem for promising discoveries, which are located in deep offshore areas requiring advanced infrastructure and extraction technologies.

Until recently, the price of gas was fixed at US\$2.63 per million British thermal units (mmBtu). A new pricing policy negotiated on a case by case basis allows offshore gas producers to be paid up to US\$6 per mmBtu depending on the degree of complexity and costs of extraction.

The revised pricing formula is being funded by a cutback on energy subsidies in the domestic market which are set to be eliminated by 2019. Subsidies are a severe drain on economic development and at one point accounted for a fifth of Egypt's GDP.

There are signs of considerable progress in this politically sensitive area. Energy subsidies were cut by nearly one third in July 2014, a few weeks after President Abdel Fattah el-Sisi was sworn in to office. This led to a rise in wholesale energy prices though the pain has eased considerably as a result of the rapid fall in the price of oil & gas over the last year.

The high cost of energy subsidies in Egypt has contributed to the country's large budget deficit and the inability of the Egyptian General Petroleum Corporation (EGPC), the country's national oil company, to



pay off debts to foreign oil & gas companies, which has led to foreign operators delaying their investments in existing, as well as new oil & gas projects.

Egypt has been steadily settling debts with foreign energy companies which have built up over several years. A large proportion of more than US\$5 billion of debts has already been paid with the remaining payments to be made in 2016. Financial assistance by the Egyptian authorities has been given, waiving signature bonuses on new oilfield leases and linking debt payments to increased production from fields operated by those companies who are owed money. It is an incentive that seems to be working.



A key factor in the resurgence in Egypt's oil & gas exploration has been the Government's willingness to go ahead with bold market reforms.



Egypt's domestic gas market is huge and likely to grow for many years. As a result the paying down of debts owed to foreign oil companies and the impact of price reforms are factors encouraging a new wave of investment by international energy companies.

The Government's determination to continue its reforms and underpin a free market is a key incentive. Contractors may eventually be permitted to sell directly into the local market according to Maurizio Coratella, General Manager of Milan based Edison, the electricity and gas production company active in Egypt.

During 2015, a number of major companies including Eni, Shell, Total and BP announced new exploration deals.

President el-Sisi ratified six oil & gas exploration contracts with Eni in November 2015, valued at US\$2.2 billion. These allow the Italian

company to explore areas in the Sinai Peninsula, Gulf of Suez, in the Mediterranean and parts of the Nile Delta. The US' Apache Corporation and Tunisia's HBS Oil Company are also to drill in Egypt's Western Desert.

Earlier in August 2015, Eni announced that it had discovered one of the world's largest natural gas fields which could feed the country's domestic market for years. The Zohr field, 190km north off the Egyptian coast, contains up to 8.5 trillion m<sup>3</sup>, 43% of total estimated gas reserves. The field is described as a "supergiant" covering a 100km<sup>2</sup> area with the gas reserve located at a depth of 1,450m.

According to Eni "Zohr is the largest gas discovery ever made in Egypt and in the Mediterranean Sea and could become one of the world's largest natural fields." Eni's CEO, Claudio Descalzi, who is planning a fast track development of the new field declared that "it's an exciting



moment for us. This historic discovery will be able to transform Egypt's energy scene."

Eni wants to accelerate the development of Zohr, by using existing offshore infrastructure including pipelines and processing facilities near the field. This will allow it to complete the work in less than half the time it would take if the field had to be developed from scratch.

Being forced to import liquefied natural gas (LNG) at international prices has been looming as a serious impediment to economic progress, placing a huge burden on public finances and threatening reduced state spending on vital public services. The additional production from the Zohr gas field could save Egypt US\$1.8 billion a year on imports, according to estimates from Bank of America Merrill Lynch.

In addition to saving the Exchequer money, development of the Zohr field is likely to help end Egypt's recurrent power cuts and serve to lower costs for local businesses, especially energy intensive industrial and petrochemicals operations, which have found it difficult to source alternative energy sources and feedstock.

Eni's discovery is one part of a wider scenario now unfolding in Egypt's oil & gas sector. In 2015, BP also announced that it intends to invest US\$12 billion in developing Egyptian gas fields together with Luxembourg based DEA, a company controlled by Russia's Alfa Group. BP has a 65% stake in the project and DEA has 35%. The investment in the West Nile Delta (WND) fields, comprises the largest ever FDI in Egypt.

BP's CEO, Bob Dudley, says that "WND production is the key to Egypt's energy security." The company describes the agreement as "a critical milestone in the Egyptian oil & gas industry" and says it will employ thousands of workers during the construction phase of the development.

The aim is to extract 1.42 trillion m<sup>3</sup> of gas resources and 55 million barrels of condensates, consisting of petroleum and associated liquids extracted with the gas. As with the Zohr project, production from the WND fields is expected to start in 2017. Gas is to be extracted from two BP operated offshore blocks, North Alexandria and West Mediterranean Deepwater, with a potential for future exploration.

BP says that the project underlines the company's commitment to the Egyptian market and is a vote of confidence in Egypt's investment climate and economic potential. The company, which already operates in the Gulf of Suez and East Nile Delta, is one of the largest international investors in Egypt, totalling some US\$25 billion since the early 1960s.

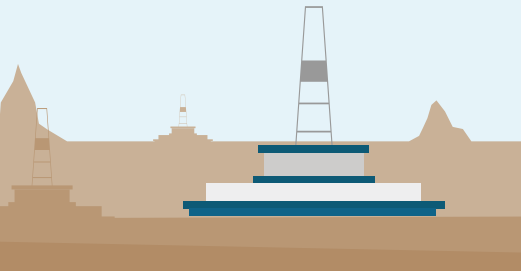
BP's deal to restart its North Alexandria development project in the Nile Delta is expected to result in the field producing 283 million m<sup>3</sup> of gas, by 2017. The development along with Eni's Zohr project should provide the feedstock for a variety of petrochemical and metal production projects now being planned in the country. Additional supplies are also expected to give the Government the option in future of again becoming a gas exporter.

In other developments, BG Group is working with BP and France's GDF Suez, to bring in offshore gas supplies through its own under utilised pipeline infrastructure.

The Apache Corporation and Shell have also linked to develop shale gas reserves in the northern part of the Western Desert in the Apollonia Basin, with production due to commence in the first quarter of 2016.

A mood of fresh optimism is revitalising oil & gas exploration in the country, with the likelihood of many more discoveries to be made. Eni is also looking for new energy resources in the Sinai Peninsula, Gulf of Suez and various parts of the Nile Delta. Its CEO says "I think we can discover more." ■

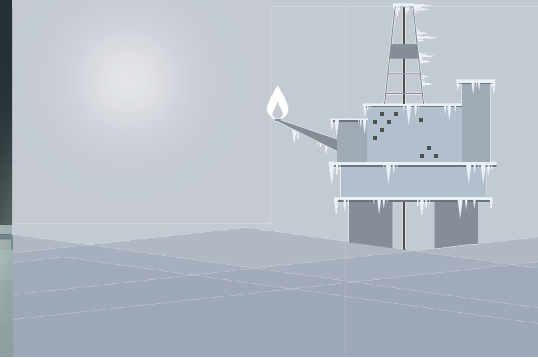
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# Egypt: A land of opportunity

Wood Group PSN



Ahmed Yehia,  
WGPSN Branch Manager



John Kelly,  
WGPSN's Business Unit  
Director for North Africa



Brian Collins,  
Subsea & Pipelines Business  
Manager for WGK

As the second largest dry natural gas producer and one of the largest oil producers in Africa, we see tremendous opportunities for growth in Egypt and we are keen to form local partnerships that will ensure decades of sustainable oil & gas production for the country.

"Our Africa region business already includes 3,000 people working in a number of countries across the continent and we see Egypt as a key part of our continued business growth strategy for the future", explains John Kelly, Wood Group PSN's (WGPSN's) Business Unit Director for North Africa.

"We bring a variety of strengths to the region from an international team of more than 30,000 people who operate in more than 50 countries and we can pull on the strength of this global network to provide 'right

sized' solutions to our clients regardless of the complexity of their projects. This also allows us to offer innovative technical solutions and bring best practice from across the industry."

"Wood Group is built and operates on the solid foundation of our Core Values and through our three Strategic Business Units – WGPSN, Wood Group Kenny (WGK) and Wood Group Mustang (WGM) – we provide a wide range of subsea, engineering, production support and maintenance management services to the oil & gas, petrochemical, refining, renewables and power industries worldwide."

"Our Wood Group Industrial Services (WGIS) business also provides unrivalled expertise in the provision of a wide range of specialist, high quality asset integrity and project management services and skills.



We have a long history of successful operations in Egypt and have worked on key rejuvenation projects since 2003 to refresh and modernise assets in the Gulf of Suez.



These activities support the construction, maintenance, decommissioning and refurbishment of major industrial assets such as bridges, chemical plants, ships, oil rigs and power stations.”

#### Why Wood Group?

“Through the collaboration of our businesses we can deliver a unique, cost effective, quality service to our clients which support their assets from concept, throughout the full asset life cycle and into decommissioning, adding value and efficiency”, says Brian Collins, Subsea & Pipelines Business Manager for WGK.

“Together, we bring a wealth of international experience in all areas of the oil & gas industry covering subsea, topsides, onshore, processing and export trunklines. We can mobilise teams of highly qualified personnel to support and manage even the most complex projects, using our experience gained through our work in all regions and all conditions around the world.

#### Egypt – our journey so far

“We have a long history of successful operations in Egypt and have worked on key rejuvenation projects since 2003, to refresh and modernise assets in the Gulf of Suez”, adds Ahmed Yehia, WGPSN Branch Manager, who is based in our regional office in Cairo. Ahmed was appointed into his position in 2012, and brings over a decade of experience working in this region.

“In 2003 we were awarded a multimillion dollar contract to provide project management and project control services for a key client. Our success was due to our ability to deliver major brownfield engineering projects in a planned and cost effective manner.”

“Our shutdown track record in Egypt is also something that makes us proud. A key contributing factor to our success is the ability to carry out as much work as possible onshore, before shipping it to platforms in the Gulf of Suez. We create offshore efficiencies through detailed

and carefully integrated pre-planning and extremely close liaison with our operations colleagues.”

#### Delivering for today. Creating for tomorrow.

“We are committed to sustainability wherever we operate, and are dedicated to investing in the local economy”, says Ahmed. “We do this by tapping into the local supply chain and investing in local resources. Our proven record in competency management means we have fully nationalised projects teams in many of our operations in Africa, including Cameroon, Algeria, Chad and Nigeria.

“Working with local organisations is a key success factor to us and we have currently established a partnership with the engineering arm of a major organisation in Egypt, allowing us to bid as a consortium for significant pieces of work.

“As part of this partnership we are committed to training local engineers to ensure they become an integrated part of the team. Our WGK Galway location will become the home office for some of these engineers who will receive valuable on-the-job training, which they can transfer back to the local region. Contract management and administration will be carried out in Cairo, along with support from the UK team, making us a truly global network.”



#### The future

John Kelly says we are 100% focused on developing our presence and growing our engineering office in Cairo. “It’s an exciting region and we are looking forward to working in partnership with local organisations and the supply chain to help breathe new life into this key part of the world.”

“As a leading global international service provider, we aim to be the best company to work for and the best company to work with and can offer a world of opportunities to anyone wanting to join us. If you would like to be part of our story, we want to hear from you.”

For more information on Wood Group in Egypt email: [ahmed.yehia@woodgroup.com](mailto:ahmed.yehia@woodgroup.com) ■

# Making a difference

## Globeleq Advisors

Globeleq is a leading developer, owner and operator of electricity generation projects in Africa. Its experienced team of professionals have built a diverse portfolio of independent power plants, currently generating more than 1,200MW in eight world class plants across five countries across the continent. The company has a substantial pipeline of new power projects in development and plans to add 5,000MW of new generation in the next ten years across the continent.

As Africa's need for more reliable electricity continues to grow, further investment in power production is essential. Supported by its committed shareholders, CDC and Norfund, Globeleq is uniquely positioned for growth and investment in Africa and adopts a partnership approach with governments, regulators and other key stakeholders, to deliver economically and environmentally sustainable energy projects.

Globeleq has received several awards which recognise the company's achievements and capabilities:

- Project Finance *African Power Deal of the Year 2012* - 430MW gas fired Azito power plant expansion in Côte d'Ivoire

- *Power Deal of the Year 2013* - by Infrastructure Journal for the 430MW Azito gas fired power plant expansion in Cote d'Ivoire
- *ACQ International Energy Business of Year (Emerging Markets)* - 2013, 2014 and 2015
- Energynet's *African Megawatt Leader Award in Renewables* - 2015.

### Globeleq, a trusted power generation partner for Egypt

As a leader in energy development in Africa and the Middle East, Egypt was one of the first countries to introduce independent power companies on the continent. Globeleq's experience and proven track record in the country and on the continent, provides an excellent opportunity to contribute to the Egyptian Government's planned capacity increases in the country.

Between 2004 and 2008, Globeleq owned and operated the 685MW Sidi Krir gas fired power plant near Alexandria. In December 2015, the company prequalified for the 250MW West of Nile Wind Build Own Operate (BOO) project and is currently pursuing investment and development of the 50MW solar photovoltaics (PV) project in Ben



Ban, Aswan, under the first phase of the Feed in Tariff Programme. Globeleq is also evaluating a number of other wind and solar opportunities in the country.

In addition to renewables, the company's experience spans an array of technologies and geographic locations, which provides Globeleq with a unique perspective and strong foundation to develop new capacity in Africa. Its experience owning and operating gas fired power generation, suitably positions the company to develop additional plants, supporting the Egyptian Government's plan to add more power generation fueled by gas.

Globeleq owns and operates the 430MW Azito power plant in Côte d'Ivoire, which was the first privately owned combined cycle power station in sub-Saharan Africa and provides more than 25% of the country's electricity supply to the national grid. In Tanzania, Globeleq developed, constructed and now operates the very first gas to power project in the country and supplies around 20% of the nation's electricity through its 189MW Songas Ubungu power plant. The company has previously owned and operated a number of gas fired power plants in Latin America and Asia.



Globeleq's efforts in Egypt are led by Paolo de Michelis, Head of Renewables and Vincent Mulder, Business Development Manager. Should you wish to discuss any opportunities or have any queries relating to our activities in Egypt please contact [paolo.demichelis@globeleq.com](mailto:paolo.demichelis@globeleq.com) or [vincent.mulder@globeleq.com](mailto:vincent.mulder@globeleq.com). ■



# GLOBELEQ



## Making a Difference

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# GLOBELEQ

# Huge focus on renewable energy

In recent years, power shortages have been commonplace in Egypt, particularly during the summer months when electricity usage is at its highest. While considerable improvements are being implemented, with around 6,800MW of additional capacity added to the grid in 2015, much more is going to be needed if further costly power cuts are to be avoided in future.

About 70% of electricity is fuelled by natural gas with other fuel sources consisting of, oil and hydro electricity from the Aswan High Dam, with the latter accounting for up to 9%. However, generation of around 31,000MW in 2015, barely met the high demand both from industrial firms eager to expand and a rising population.

Over the last two years Egypt has not produced sufficient natural gas to meet the needs of its power stations. While additional supplies from the Gulf are now beginning to meet the shortfall, the country's electricity demand continues to rise, placing severe strains on the national grid as peak demand is predicted to rise nearly 6% annually over the next five years.

In order to combat the challenge, the Ministry of Electricity & Energy is seeking to encourage wider investment in the energy sector and at the same time move increasingly to renewable sources. As a result the private sector is now poised to take a much greater role in electricity

development strategy. A significant advance in prospects for greater private investment was heralded in 2015, by Saudi Arabia's bid for the proposed 2,250MW power plant at Dairut, the largest Independent power project yet tendered in Egypt.

Incentives are now being offered to private investors to take part in renewable energy programmes including feed-in-tariffs. This type of pricing model offers cost based compensation to renewable producers, providing them with price certainty and long term contracts typically ranging over 15 to 25 years. Such arrangements make projects much more attractive to investors and financial backers.

A significant change in policy, also involves a phased end to fuel subsidies which has meant electricity being supplied to companies and households at almost half its production cost. This drain on the exchequer has prevented capital accumulation for new projects and has also acted as a deterrent to outside investors.

The price of electricity to consumers is to rise annually to 2018, by which time it is anticipated revenues will match the costs of producing electricity. Egypt is also planning to expand its power system interconnection with countries in the Middle East and Africa, including an agreement signed with Saudi Arabia for a US\$1.6 billion power cable connecting the two countries.



While gas-fired plants are still the main focus, the Government is pursuing a range of other options to increase power generating capacity.



As the investment environment improves, long delayed plans are being activated with major contracts now being finalised. New projects have been agreed with international companies to build power stations providing 40,000MW of additional power in the next ten years.

Egypt is accelerating efforts to plug its energy deficit with a fast track programme, to implement an agreement to acquire 3,700MW of gas turbines from the US' General Electric, Germany's Siemens and Italy's Ansaldo.

In June 2015, Siemens announced plans to install up to 16,400MW of additional generating capacity in Egypt in conjunction with local partners Elsewedy Electric and Orascom Construction. The ambitious US\$9 billion project is to receive funding from Siemens in house financial service and Germany's export credit agency KfW IpeX-Bank.

The company's projects includes building three 4,800MW combined cycle plants. Development of one of these at Beni Suef, south of Cairo,

is the most advanced and is due to be commissioned by the middle of 2017. Other plants are due to be constructed at Burullus on the Mediterranean coast and another to serve a planned new urban area east of Cairo.

While gas-fired plants are still the main focus, the Government is pursuing a range of other options to increase power generating capacity including coal fuelled plants. Two Chinese companies, Shanghai Electric and Dongfang Electric Corporation, have signed memorandums with the Egyptian Electricity Holding Company (EEHC), an affiliate of the Ministry of Electricity & Energy. These preliminary agreements, together valued at US\$9.4 billion, cover the building of a 4,600MW plant and another 1,900MW plant both to be located on the Red Sea coast.

Renewable energy options are also moving towards the contract stage. Egypt is planning one of the world's largest and most comprehensive

renewable energy programmes, combined with an ambitious industrial energy efficiency programme designed to see an overall 8% reduction in national energy demand by 2022.

The investment plans involve wind and solar power projects, in addition to nuclear power. The Government is committed to more than doubling the contribution of renewable energy ventures to electricity production by 2020, when consumption is forecast to reach 60,000MW. It is hoped by then that planned renewable energy projects will provide 20% of the country's power requirements.

According to Mohammed el-Sobki, Chairman of the New & Renewable Energy Authority (NREA), the long term strategy envisages renewable energy comprising up to 40% of the country's generating capacity by 2035 and 65% by 2050.

Nuclear power is likely to be at the forefront as a result of Russia's state nuclear company, Rosatom State Atomic Energy Corporation signing an agreement, in November 2015, to build and operate Egypt's first nuclear power station at El-Dabaa on the Mediterranean coast, 100km west of Alexandria.

This huge project is expected to involve installation of four 1,200MW reactors. This has been under discussion for many years and is a key element in developing the energy strategy. The reported US\$26 billion project is now beginning to move ahead with Egyptian technicians and



engineers already receiving training in Germany and Russia in the field of nuclear energy and atomic sciences.

The country's largest non-hydro renewable resource at present, is the 545MW Zafarana onshore wind farm, one of the world's largest, on the west coast of the Gulf of Suez. There is considerable scope for similar further development with Egypt being able to draw on abundant wind power resources in the Gulf of Suez and Nile Valley. The range of renewable ventures now under discussion includes an additional 2,000MW of wind power, 2,000MW of solar energy and another 300MW of solar rooftop projects.

Abu Dhabi's Masdar and Saudi Arabia's Acwa Power are considering developing 1,000MW of solar power and 500MW of wind generated

electricity. The Toronto based SkyPower Group is also looking to develop 3,000MW of solar power with Bahrain based Terra Sola and is also preparing plans for a factory to build photovoltaic modules.

The growing focus on renewable energy means that considerable opportunities are opening up for private investors in the expanding market, with headway being made on agreements between the Government and potential investors on long term purchase guarantees for energy produced and on tariffs.

The Ministry of Electricity and Energy, has stated that it aims to obtain around 35% of the total US\$70 billion investment projected for development of the electricity sector from the private sector. Bakr Abdel-Wahab, Managing Director for Private Equity in infrastructure at Egyptian investment bank EFG Hermes, says that “we are bullish in the short to medium term on Egypt’s renewable energy projects.”

Three independent power projects are already proceeding under a Build-Own-Operate-Transfer (BOOT) formula, each providing around 340MW of power. One of these concessions was initially operated by

a joint venture of the US’ Intergen and Italy’s Edison, east of Alexandria at Sidi Krir and now by a joint Norwegian-UK venture. The others, located in Suez and East Port Said were at first operated by France’s EDF International, and are now are owned by Malaysia’s Kusas Nusajaya.

A report by EFG Hermes says that there is an opportunity for US\$6 billion of investment in the renewable energy sector. The Bank estimates that the country will have to add around 8,000MW to the grid if proposals to generate 20% of electricity from renewable sources by 2020, are to be met.

The outlook for Egypt’s energy sector is increasingly upbeat especially so for the renewable sector. Siemens, for example, has agreed to build up to 12 wind farms in the Gulf of Suez and West Nile areas, involving 600 turbines with a nominal generating capacity of up to 2,000MW. The company has also said it will develop a turbine blade manufacturing facility in the Ain Sokhna region. This will be the first factory in the Middle East to produce wind energy technology products. ■



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## Egypt's economic plan set to generate construction boom

Egypt's construction sector is making big advances, as a range of mega projects start to be implemented. These include new urban communities accompanied by an industrial expansion aimed to modernise the country and position it as a regional commercial hub.

The Suez Canal Regional Development Project is the centrepiece of the country's economic renewal. The plan aims to develop an area of 76,000km<sup>2</sup> to create an international industrial and logistics hub serving Europe and the Middle East. Initially, this will involve expanding East Port Said as well as a technology investment zone on the east bank of the canal, which will be linked to Ismailia via a road tunnel. An industrial area along the west bank is also to be expanded.

According to an assessment by UK Trade & Investment, the project is worth an estimated US\$30 billion over the next 15 years. There are likely to be considerable opportunities created by the expansion of ports and logistics developments, as well as the building of a wide range of new manufacturing facilities, railways and roads, power plants, water desalination and waste water treatment plants.

These planned investments and others across Egypt, are rapidly opening up construction opportunities for both international and domestic companies. The national strategy is ambitious and will be a huge undertaking with a wide spectrum of logistical, retail and recreational developments in Cairo and other areas. One of the largest ventures involves a new administrative and financial district that will extend Cairo eastwards.

Palm Hills Developments, one of Egypt's leading real estate developers is confident that the time is right to push ahead with investments. Tarek Abdel-Rahman, co-CEO of the company, says the firm expects to finalise more than a dozen projects by 2017 in the Cairo area, 6th of October City and on the Mediterranean coast.

As the country returns to stability, the construction sector has now rebuilt confidence. Hassan Allam and Sons is one of Egypt's largest contractors and has an order book of around US\$2 billion. The company is currently working on water and wastewater projects as well as expansion work at Cairo International Airport and on new roads. The



Foreign investors are being sought for the ambitious plan, announced during the Egyptian Economic Development Conference, which involves building an entirely new administrative capital to the east of Cairo.



CEO, Hassan Allam, says that foreign companies can be successful when they “apply a local flavour when setting up operations in Egypt.”

Leading Egyptian contractors such as Orascom Construction have said they are looking to explore prospects for linking with international firms to share their expertise and knowledge of local markets.

One of the most urgent challenges facing Egypt is how to remedy its ageing infrastructure and in particular, provide adequate housing for its steadily growing population. This is largely concentrated in less than 8% of the country’s land area in Greater Cairo, the Nile Valley and Nile Delta. More than 20 million people live in Cairo and it’s satellites within 35km of the city centre including Giza, Shubra El-Kheima, 6th of October City and Obour City.

According to the Central Agency for Public Mobilisation and Statistics (CAPMAS) the population has reached 90 million and is forecast to reach more than 103 million by 2025. As the country’s cities, particularly the capital, become steadily more overcrowded, it faces an increasingly pressing need to develop more space for its people to live and work.

The launch of new housing projects aimed at low and middle income households, is a key strategy alongside the development of the mortgage sector to stimulate the financing of house building.

Providing more new accommodation for lower income families is a central point of policy and in May 2015, a Social Housing Law was ratified by President Abdel Fattah el-Sisi.

The Government is also seeking to streamline the land and property registration system to stimulate purchases by medium and higher income earners. Meanwhile construction regulations are being revised to provide more incentives to private developers to construct homes in urban areas.

According to the Minister of Housing, Utilities and Urban Development, Mustafa Madbouly, the country needs to build 500,000 new homes a year to keep up with demand, 70% of which are required for low income families.

It is hoped that a new programme backed by a Central Bank of Egypt US\$1.3 billion allocation for affordable housing as well as a US\$500 million World Bank loan, will encourage the country’s building companies and real estate sector to provide the hundreds of thousands of new housing units urgently needed.

An important aim of the strategy is also to counter the growing spread of slum areas and unlicensed buildings which are prone to collapse. The Minister says that he is also seeking in the interim to improve conditions in unlicensed settlements which comprise up to half of city

areas. He also plans to bring piped water to every home within the next three years. Improving sanitation through constructing sewage treatment plants for those living in neglected rural areas is also part of government intentions. Only around 15% of the rural population benefit from such treatment facilities at present.

There are many challenges ahead in fulfilling plans to improve housing and it is anticipated that the private sector will be attracted. The Government is financing its social housing scheme through land sales to developers seeking to build homes for higher income groups.

In order to move things forward, the Government is implementing a policy of providing private developers with publicly owned land, and in return they are expected to build an agreed number of low cost homes to be built or provide the Government with a share of the revenues generated.

Emaar Misr, a subsidiary of Emaar, the United Arab Emirates' biggest property developing company, is the largest FDI in Egyptian real estate, with a current portfolio valued at US\$6.6 billion. The company is engaged in a wide range of further developments. A marina and other tourism infrastructure including hotel accommodation offering more than 3,000 rooms at Marassi, 125km west of Alexandria on the North Coast, is due to be completed in 2017. More than 5,000 new homes are also due to be built in Cairo and in a new development known as the Cairo Gate between the capital and Alexandria.

The Abu Dhabi based private investment company Eagle Hills is looking to build up to 50,000 homes in the planned New Cairo City. The latter development envisages a community of up to five million living in an urban development covering 700km<sup>2</sup> on a site 45km east of the capital.



With the population of Cairo expected to double in the next 40 years, the new urban area aims to ease the congestion that such a demographic trend is certain to cause.

Foreign investors are being sought for the ambitious plan, announced during the Egyptian Economic Development Conference, which involves building an entirely new administrative capital to the east of Cairo. The estimated US\$45 billion project is due to be completed by 2023.

Planners of the New Cairo City development say the site is located along a corridor between Cairo and the Red Sea, providing linkages to significant industrial and tourism projects along the coast from Port Suez. ■





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# Bold reforms aim to build a new Egypt

A radical overhaul of the country's economy aims to prioritise removing obstacles to investment and to stimulate the private sector, which is seen by the Government as the key to modernising Egypt's economy.

The strategy envisages that many large scale infrastructure schemes and industrial and manufacturing projects will now take shape after years of uncertainty. In particular, there are expectations that major changes to the 1997 Investment Law, will stimulate much more domestic and foreign investor interest to launch long planned projects.

The infrastructure sector especially, is about to experience a period of sustained growth in areas such as wastewater and desalination projects. These urgently needed improvements are being backed by World Bank loans totalling US\$1.1 billion as part of the Government's programme to improve sewage treatment services along heavily populated areas, including the Rosetta branch of the Nile River.

Egypt has shown that it can manage mega scale projects effectively with its completion of the US\$8.2 billion Suez Canal expansion in 2015, on time and on budget. The project has involved work in deepening and widening channels to allow much larger vessels to transit and also create a two lane system permitting ships to proceed simultaneously in both directions.

The return on investment is likely to be substantial. Extra traffic accommodated by the expansion is expected to see a doubling of Egypt's hard currency revenues from operation of the Canal. These revenues totalled US\$5.5 million alone in 2014.

Egypt's mega project list is extensive. Proposed work includes two new underground railway lines in Cairo costing US\$4.8 billion. These are expected to be progressed on a PPP basis. In March 2015, a US\$20 billion urban development for 6th of October City, covering 46km<sup>2</sup> to include housing, utilities, retail projects and hotels was announced.

A series of developments valued at more than US\$13 billion around Cairo International Airport are also planned. These involve establishing a Free Trade Zone, exhibition centre, housing schemes, in addition to logistics and cargo businesses, retail and recreational projects.

The most eye catching national development project is an entirely new capital city to be built east of Cairo. The new capital is designed to be developed over 700km<sup>2</sup> and accommodate five million people. An airport is also planned to serve the new community. The project could involve an estimated initial investment of up to US\$45 billion in providing housing, utilities, schools, hospitals, businesses and government offices.



Despite the huge development costs, the Government is pushing ahead with considerable foreign investor interest coming from the Middle East, and has been discussing the proposal with leading Gulf real estate developers including Abu Dhabi's Eagle Hills and Dubai's Emaar.

In terms of developing Egypt's economy, the pivotal project is the giant Suez Canal Economic Zone. This is designed to utilise one of the country's most iconic revenue earning assets, to create a huge new industrial and manufacturing area linked to the Canal and its ports.

A masterplan calls for extensive new industrial estates to be built around the cities of Ismailia, Port Said and Ain Sokhna. These will accommodate companies involved in shipping, logistics, energy services and ICT activities. Officials predict that up to one million jobs could be provided by 2030. It is an expansion which the country urgently needs to combat unemployment.



The overall concept is enormous and aims for US\$20 billion of investment in industrial development. Another US\$15 billion is expected to be needed for new infrastructure including 6,000MW of power plants, wastewater and desalination facilities, a freight railway, roads and tunnels for both roads and rail under the Suez Canal.

A similar scale of expenditure is going to be required to expand and modernise the ports which will serve the new industries. These include East Port Said and West Port Said with the former due to be developed into an international container and trans-shipment hub. Ports at Al-Arish, Ain Sokhna, Adabiya and El-Tor are also due to receive major enhancements.



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The masterplan identifies Ismailia as the site for the Economic Zone's administrative centre and also as a technology investment zone for firms serving the sector, as well as renewable energy projects. The technology area is due to be created on the east bank of the Canal and linked to the city by a new road tunnel.

Additional parts of the Economic Zone at Qantara are planned to concentrate on agribusiness, food processing industries and textiles. There will be a concentration on heavy industry at Ain Sokhna including oil refining and petrochemicals production.

The Suez Canal Economic Zone is expected to have extensive transport links with other development projects including the planned new capital and also to the Golden Triangle project. The latter envisages

development of a 6,000km<sup>2</sup> region between the Red Sea ports of Safaga and Qusair and the city of Qena in the Nile Valley. The latter's focus, is the processing of phosphates and other minerals in addition to agricultural products.

A multitude of opportunities are opening up for investors as Egypt readies its economy to provide much more additional value to its commodities and encourage manufacturing enterprises which will save on imports and also gain export markets in the region and beyond.

The General Authority of the Economic Zone for the Suez Canal (GAESC) was established by the Government in August 2015, to make the process of investment far easier. The Chairman is Ahmed Darwish, who was formerly Minister of State for Administrative Development.

His task is to ensure that the Zone effectively acts as a one-stop-shop and deals with potential investors directly without them being redirected to a multitude of government departments and agencies.

The Industrial Development Authority, which is currently responsible for allocating state controlled land to project developers, is among the agencies represented in the new GAESC administration. Obtaining land to establish enterprises has been a complex task in the past.

The industrial sector is likely to be the main beneficiary of changes to land allocation that will streamline procedures. Incentives are also being offered to investors in remoter areas of the country with lower purchase prices or lease terms for land in addition to low energy prices. Government sponsored vocational training programmes for workers in such areas will also be provided.

In addition to tax concessions, the Government is offering help to set up labour intensive projects or investments in specific sectors including energy, agriculture and transport. Among the guarantees is one which shields executives of companies from prosecutions for legal infringements carried out by employees.

As Egypt's investment environment becomes more attractive, it is also seeing a revival of PPP projects, which though not new, their development has been muted until recently. However, they are now seen as a way to accelerate long dormant projects with the energy sector, water supply and highway development, among a range of areas in which the PPP formula is likely to play a bigger role.

The Ministry of Finance's PPP Unit is set to put three desalination projects out to tender on behalf of Egypt's National Authority for Potable Water & Sewage.

One scheme calls for a plant to be built on the north coast, to serve Alexandria which will be able to process up to 100,000m<sup>3</sup> per day. The other two plants are set to be developed at Hurgada and El-Tor City,

to process 40,000m<sup>3</sup> and 20,000m<sup>3</sup> per day of water respectively. The PPP Unit's Director, Atter Hannoura, has said another three desalination projects are also being prepared for tender.

The International Finance Corporation, European Bank for Reconstruction and Development and European Investment Bank, are expected to back projects adopting the PPP model, which is extending beyond traditional infrastructure and utility developments.

In November 2015, The Ministry of Finance was preparing to invite bids on a PPP basis for a project to build a technology park to accommodate an extensive complex of call centres and business outsourcing centres, potentially involving the construction of up to 65 buildings in Southwest Cairo's Maadi District.

Other PPP ventures include an overhaul and automation of the Government's commercial and real estate registries, as well as setting up a river transport passenger service on the Nile to serve those living in Cairo and its suburbs. At present the only commercial vessels carrying people are cruise ships.

Egypt's expansive economic strategy enjoys the backing of international institutions and powerful regional and world economies. At the 2015 Investment Summit held at Sharm el-Sheikh, Saudi Arabia, Kuwait, the UAE and Oman pledged combined contributions of US\$12.5 billion.

In January 2016, China signed 21 deals in Cairo which could see Chinese enterprises significantly improve investments. In addition to financial support for the banking system, the agreements cover several infrastructure projects from power generation to the initial phase of the planned new capital project.

One of the most vital aspects of the new strategy is the Government's determination to press ahead with the reforms necessary to modernise Egypt and make the country a regional economic force. ■

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# A new industrial park at the heart of the world

## East Port Said Industrial Zone

East Port Said Development Company is responsible for developing and promoting 16 million m<sup>2</sup> of the new industrial zone in East Port Said; the zone is located at the northern end of the Suez Canal. The key shareholder in the development company is the Industrial Development Group (IDG).

### Can you tell us about the Industrial Development Group (IDG) and who owns the Group?

In 2007, Samcrete established its industrial arm IDG, a shareholding company with joint Egyptian/German/American investments; 80% being the Egyptian contribution, out of which 70% being contributed by Samcrete. IDG's shareholders are highly experienced, dedicated and successful professionals who are Real Estate Developers, Engineering Experts and Industrial & Automotive Entrepreneurs.

### Who is the top executive of IDG, where is the Group based and what other projects has it undertaken?

The Chairman of the company is Eng. Karim Sami Saad and the CEO is Eng. Sameh Attia. The Group is based in the Industrial Zone in 6th of October City, Cairo, Egypt.

In October 2007, IDG signed a contract with the Ministry of Trade and Industry represented by the Industrial Development Authority (IDA) for

the development of the first engineering and automotive industrial park in Egypt "e2", over a gross land area of two million m<sup>2</sup> under the PPP framework within the first phase of Egypt's Industrial Zones Development Programme.

After the success of the first phase of the project, an extension of 1.1 million m<sup>2</sup> was awarded to IDG in September 2009, in the second phase of the programme IDG was ranked "First Offer".

### What is the scope of IDG's project at East Port Said?

IDG is the key shareholder in the newly established company "East Port Said Development Co." which is responsible for developing and promoting 16 million m<sup>2</sup> of the new industrial zone in East Port Said.

### What are the main overall elements of the East Port Said project and where does the development stand at present?

The region consists of East Port Said Port and the surrounding area. It is connected to the west of Port Said through three tunnels for cars and railway.

The region has a huge capacity to expand geographically, as it will include the following:

- Logistic Services area



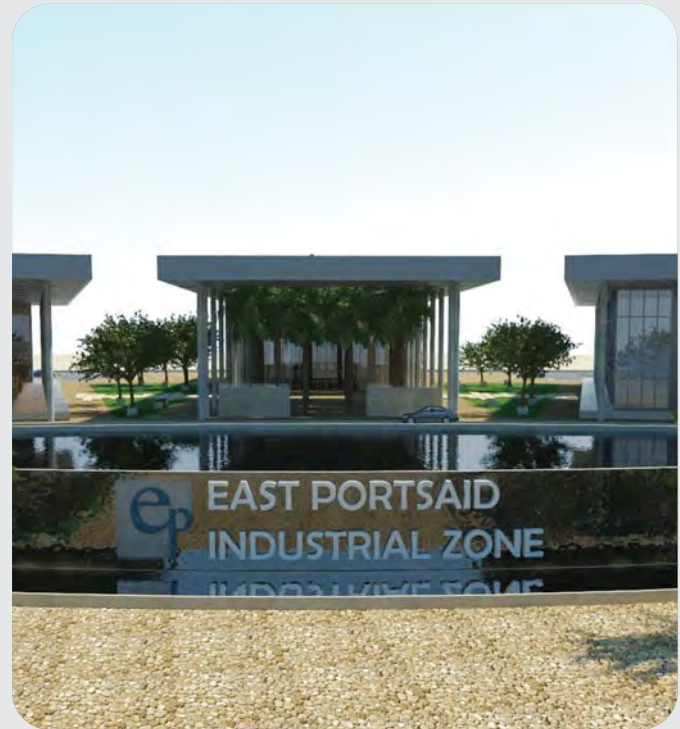
- Industrial Zone equipped with state of the art infrastructure
- Two residential areas: medium and luxurious
- The port is currently being expanded through the construction of two new berths for containers and pouring. This expansion will enhance the capabilities of the region in establishing a Value Added Services area to offer high quality services in the port.

The current development taking place in the industrial zone is the construction of a prototype factory, three administrative and commercial buildings, and the main road going through the Industrial Zone 80m wide. Outside the Industrial Zone, the port expansion and the construction of the three tunnels are currently taking place.

#### What type of industries and manufacturing are planned?

Due to the nature of the area, it has been agreed to include medium and light industries such as:

- Automobile assembly parts
- Construction and building material
- Electronics and home appliances
- ICT
- Packaging
- Pharmaceuticals
- Textiles



Are any companies already lined up to invest in the industrial development at East Port Said?

We are currently negotiating different investment opportunities with European and Asian investors.

#### What incentives are available for the investors?

Being a special economic zone, the area is controlled by a predictable and transparent legal and regulatory framework; Law of Economic Zones of a Special Nature 83/2002 and its amendments in 2015. Various incentives are offered to the foreign investor:

- 0% tax and duties on all machines, equipment, tools and raw materials as long as they are produced for export uses





East Port Said Development Company is responsible for developing and promoting 16 million m<sup>2</sup> of the new industrial zone in East Port Said.



- 0% tax on revenue from bonds, loans and credit facilities
- 0% tax on profits resulting from merger, division or change in legal form of companies
- Competitive income tax rate on the net profit
- Competitive tax rate on wages, salaries, bonuses, incentives
- Customs, sales tax, and all other taxes and duties will be imposed separately on imported components once such products are released from customs to enter the local market
- 50 years land lease

**What other benefits are available for the investors?**

- The strategic location of the zone along the Suez Canal contributes to saving in distance, time and operating costs for vessels that transit the Canal
- The trade agreements Egypt has with a number of EU, African and Arab countries allow the investor to benefit from the exemption of custom duties when importing to these countries
- The large pool of trained and skilled labour at competitive wages, which could reach ten times less than that in Europe, significantly reduces the operating expenses

- The operating expenses are also significantly reduced because of the relatively competitive utility prices.

**Do you envisage that the manufacturing and industrial enterprises setting up at East Port Said will focus on export markets or mainly the Egyptian domestic market?**

They can serve both markets, but the majority of the companies will tend to focus on export. With all the incentives offered in East Port Said Industrial Zone, the area will attract investors who are seeking to have a competitive edge and planning to export worldwide with the least operating expenses. However, Egypt is still considered a large local market with a population of 90 million.

**What is the significance of the East Port Said project to Egypt's economy? How much priority is being given to the development by the Government?**

The area our company is currently developing within East Port Said Industrial Zone is expected to generate around 60,000 new jobs.

The Government is giving a high priority to developing this area; all the activities (port expansion, tunnels construction, industrial zone infrastructure) are currently taking place through a number of private sector companies supervised by the Egyptian Army Engineering Authority. ■

## Egypt in position to become manufacturing hub

Egypt's role as an international trading route via the Suez Canal and its leading position in the region's tourism industry, together with remittances from Egyptians working abroad, comprise vital hard currency revenue sources for the country. The focus on these sectors overlooks the fact that Egypt's economy is far more diversified with a wide ranging industrial base now poised for expansion.

Manufacturing in particular has the potential to become a powerful engine of sustainable economic growth for Egypt, generating employment, providing import substitution and producing exports.

In view of this, the Government is targeting an average annual growth rate for manufacturing of 9%, with the aim of increasing the sector's share of GDP to 25% by 2020, and in the process also creating up to three million new jobs.

Egypt has the ability to produce much more of the items the country buys from abroad. This drawing in of foreign goods has contributed to a long running budget deficit problem and it has become an urgent necessity to save on import costs.

The production of petrochemicals is one area where new investments are due to make a big difference. Currently, imported plastics account for an estimated 70% of domestic consumption.

The Government's National Petrochemicals Plan aims to boost output and double ethylene capacity in Egyptian plants, an effort that is designed to expand production of both plastics and fibres and turn the country into a regional petrochemicals producing hub.

A new production complex for Egyptian Ethylene & Derivatives Company (ETHYDCO), was nearing its commissioning stage at the end of 2015. The US\$1.9 billion project is designed to have an annual output of 460,000 tonnes of ethylene, 400,000 tonnes of polyethylene and 20,000 tonnes of butadiene.

India's Chennai based Sanmar Group, which operates a petrochemicals plant in Port Said has announced that it will increase its existing US\$1.1 billion investment there by US\$350 million to set up a second polyvinyl chloride production line.

The biggest catalyst for the sector's development is set to be the Tahrir Petrochemicals complex due to be constructed by Carbon Holdings, a privately owned Egyptian company, at Ain Sokhna located in the Suez Economic Development Zone.

The US\$7.4 billion project will develop the largest petrochemicals plant in the country and feature the largest naphtha cracker plant in the world. The complex will produce a range of products for the domestic



Egypt is home to the only fully integrated textiles industry in the Middle East, with the entire production process from cultivation of cotton to finished garments carried out domestically.



market and export propylene, polypropylene, hexane, butadiene, benzene and styrene.

Carbon Holdings Chief Executive, Basil El-Baz, says that finance is being obtained by a 17 year debt facility provided by the US' Export-Import Bank, Export-Import Bank of Korea, Korea Trade Insurance Corporation, Italy's SACE and US' Overseas Private Investment Corporation.

With this large balance of financing and participation from international organisations, the project signals a resurgence in confidence by foreign investors in the local market.

Expansion of oil refining activities is also designed to save on costly imports. In Alexandria, the Midor refinery is being expanded to increase diesel output by 4.5 million tonnes per year. Once this development comes on stream in 2017, and an upgrade at Egyptian Refining Company's plant at Mostorod, east of Cairo, is completed, the country's entire diesel needs are expected to be covered. New

gasoline refineries are also being developed in Alexandria and Assiut in Upper Egypt.

In addition to petrochemicals and oil refining, Egypt's industrial sector also features large scale iron and steel plants as well as the production of cement and other building materials.

While heavy industry in its construction phase will create many job opportunities, long term employment for many more will be provided by an expansion of Egypt's manufacturing base in established areas such as textiles, vehicle assembly, furniture, pharmaceuticals and food and beverages - also essentially in a range of more value added industries including ICT.

Foreign investors are showing their confidence in the market. The country, for example, represents a major regional market for low priced consumer items, such as toiletries, beverages, processed foods and over-the-counter pharmaceuticals. International companies including

Kraft, Unilever, Danone and Nestle are among those which have established local production units in Egypt, to serve both the local market and other countries in the region.

In 2015, Nestle's North East Africa Region CEO, Suresh Narayanan, said that the Swiss food giant intended to invest US\$138 million in Egypt, focusing on manufacturing new products for the food and health industries.

Coca-Cola is also among those international corporations which are expanding operations where the company already has 12,000 employees. According to Curt Ferguson, Coca-Cola's President for the Middle East and North Africa "Egypt is going to be one of our key anchor countries."

The company plans to invest US\$500 million over the next three years. Part of this will go towards a new bottling plant in 6th of October City. It is also planning an additional plant for soft drinks and mineral water on a site between Cairo and Alexandria. Further investment will be made in Coca-Cola's existing concentrate plant in Nasr City's Free Zone near Cairo, which exports 30% of its production to other parts of the Middle East.

As well as food and beverages and other fast moving consumables, there are other promising areas for investors. Egypt is home to the only fully integrated textiles industry in the Middle East, with the entire production process from cultivation of cotton to finished garments carried out domestically.



An estimated 6,000 companies are involved in the sector, employing an estimated one million workers. Textile exports to the US represent 25% of non-oil exports and 20% of total manufacturing exports. The goal for Egyptian textiles is to raise exports now valued at US\$2.5 billion to US\$10 billion by 2025, says Mohammed Kassem, Chairman of the Egyptian Ready Made Garments Export Council.

With a large and growing middle income population, Egypt's automotive sector also offers investment potential. The country already ranks as one of the top three car producers in Africa, assembling international brands such as Hyundai, BMW, Daewoo, Jeep and Citroen.

As more Egyptian made auto components meet international standards, local supply chains to the auto assembly industry are likely to expand and increase the manufactured share in assembled vehicles.

An expanding manufacturing base is essential to support sustained economic growth and to create new skills and move the country's production along the value chain. The Government recognises this and is keen to support the growth of Egypt's industrial and manufacturing base by promoting a business friendly environment.

One of the strategies is to support the creation of industrial clusters in zones, providing them with improved infrastructure and logistics. This can encourage private investors to focus on sectors with the highest employment, value-added and export potential. Among the sectors identified are healthcare, textiles, leather and engineering industries.

Special economic zones are the cornerstone of the Government's strategy to develop industrial exports. The law setting up the economic zones is being reviewed with the aim to streamline tax and incentives offered to investors who establish specific industries.

Plans include a plastics manufacturing complex in Alexandria's Morghom District. An industrial complex is also being considered with a focus on textiles manufacturing in which yarn, fabrics, dyeing and finishing can be fully integrated.

Another new industrial zone is envisaged on a site 54km east of Cairo in Robeiky. This zone is planned to become a hub for leather manufacturing aimed at export and domestic markets. The aim is to relocate the crowded leather tanneries and hundreds of workshops and factories in the capital's old quarter in the southern part of the city. The attraction of relocating will be the provision of new purpose built premises and warehouses which will be served by modern industrial waste disposal services.

A flagship economic zone is being set up in the Suez Canal Corridor, which is intended to leverage international trade flows in and around the Canal to attract export oriented manufacturing activities.

It is anticipated that the provision of a modern production environment and greater access to finance will stimulate manufacturing activity by SMEs, especially those oriented towards technology based products and with a focus on exports. As part of this effort a private credit bureau (I-Score) has been authorised while a new Microfinance Law has been ratified to help improve SMEs' access to loans.

It is also hoped that the introduction of VAT will push unregistered enterprises in the so-called "informal sector" to join the formal economy. There are thousands of such firms employing millions of workers producing a wide range of goods which vary considerably in quality and provenance.

The Government believes that these enterprises will also be encouraged to enter the economic mainstream and become fully licenced which will help them to access credit facilities and technical support to raise standards.

Achieving all these goals in such a complex economy is going to require a huge administrative and legal overhaul, in addition to the provision of incentives. The drive however, has started.

In March 2015, significant amendments to Egypt's 1997 Investment Law, were announced by the Government. The principal aim of these is to remove bureaucratic obstacles, streamline procedures for investors and provide more incentives and guarantees.

The amendments authorise the General Authority for Investment (GAFI) to act as a one-stop-shop from which investors in a range of sectors can obtain all the licences and approvals needed to establish and run businesses. A new system for the allocation of state controlled land for new projects was also introduced in 2015.

Both domestic and foreign investors are being energised to participate in projects and set up businesses in a country of vast potential, now breaking free from past constraints. The Government's target is to position Egypt by 2025, as a principal export hub and leading industrial nation within the Middle East and North Africa. ■



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# Egyptian Steel leads the way in the market

## Egyptian Steel

**What is the history of the company and what products does it produce and in what quantities?**

Ahmed Abou Hashima, international business leader and entrepreneur, has worked in the steel industry since 1996. He is CEO of the Cairo based Egyptian Steel, which he co-founded in 2010. Following the January 2011 revolution, he took a major investment decision and injected US\$1 billion into Egyptian Steel. By the end of 2016, Egyptian Steel and its subsidiaries will be producing 20% of Egypt's steel.

Egyptian Steel produces durable, high quality steel using efficient, innovative techniques with a focus on energy efficiency, as one of Mr. Abou Hashima's top priorities. Egyptian Steel uses modern and eco-friendly technologies in order to conserve energy and will be the sole provider of green steel in Africa and the Middle East.

The company produces rebar, wire rods, and castings. The total production capacity will reach two million tonnes annually when all four steel plants are operational.

**Who are the principal shareholders?**

CEO, Mr. Ahmed Abou Hashima, Sheikh Mohammed Bin Suheim Al Thani, Mr. Abdallah Al Chahine, and Mr. Essam Abel.

**Where are the company's main plants located?**

The company's headquarters are in Cairo. The steel plants have been chosen in four strategic locations, Alexandria and Port Said which have ports on the Mediterranean, Ain Sokhna which has a port on the Red Sea, and Beni Suef, which is considered the gateway to Upper Egypt. Egyptian Steel's plant in Beni Suef is the first heavy industry plant in Upper Egypt.

**How many personnel does Egyptian Steel employ?**

Egyptian Steel will be employing around 6,000 direct and indirect employees when all four steel plants are operational.

**When will the plants at Ain Sokhna and at Beni Suef be in full operation?**

The Beni Suef plant's opening ceremony is scheduled in the third quarter of 2016, and Ain Sokhna plant in 2017. Port Said and Alexandria plants have been operational since the establishment of the company in 2010.

**What are Egyptian Steel's products used for? Who are the main customers?**

The products are used mainly for construction purposes, with all main real estate developers and infrastructure contractors being the principal users.

**What plans exist for a possible Initial Public Offering (IPO) and when are they likely to take place?**

From inception it has always been our intention to prepare the company for IPO. The ideal time being after all our four plants are fully operational.



**What proportion of the nation's steel products does the company now produce? What is the firm's growth strategy in the domestic market?**

We currently produce 10% of Egypt's total output. Once all plants are operational, we will then reach 20%.

**What is the relationship with Italy's Danieli and what does this cover?**

We contracted with Italy's Danieli, to construct the production lines in our plants. They are installing new generation technology for the iron



The technology used in our steel plants relies totally on 100% recycled scrap, and provides 30% reduction in harmful emissions, saving up to 60% of the required energy for production.



and steel industry, which is eco-friendly and has the ability to turn scrap into rebar in only two hours. It is the first of this kind of technology in Africa and the Middle East and is applied in our Beni Suef and Ain Sokhna plants. This provides significant energy saving, leading to Egyptian Steel being the sole producer of green steel in the region.

Danieli helps us adopt eco-friendly methods which rely on:

- Waste recycling
  - Scrap is melted and transferred into castings to be used in the rebar and wire rod industry.
  - Re-use of heat resulting from iron melting to heat scrap before it enters the furnace.
  - Saving in energy and refractories.
  - Minimising carbon dioxide emissions.

**How important is the use of high technology for Egyptian Steel in its plants?**

It is very important and gives Egyptian Steel its competitive edge. The technology used in our steel plants relies totally on 100% recycled scrap, and provides 30% reduction in harmful emissions, saving up to

60% of the required energy for production. There are only two locations worldwide currently using this technology, one in Arizona and the other in Greece, each of them producing significantly less output than Egyptian Steel's two plants in Beni Suef and Ain Sokhna, making Egyptian Steel the world's largest producer of green steel.

**What is the company's export strategy, and what are Egyptian Steel's markets?**

To date, all production has been focused on the Egyptian market due to very high demand. The country is going through huge growth, requiring massive infrastructure and housing projects, consequently the demand for steel will continue to rise. The priority will always be to meet the demands of our local market, with any excess production being exported.

**How do you view prospects for the company in 2016 and beyond?**

In 2016, we will commence production at our Beni Suef plant, a step that will put Egyptian Steel in a leading position in the steel market. In 2017, the plant in Ain Sokhna will commence production, at this point all our steel plants will be operational. ■



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# Transport plans on the move

The Ministry of Transport has overseen a big increase in investment over the last two years, as the country strives to overcome decades of under investment in the sector. A wide range of projects are in the process of being activated including railways, metro extensions in Cairo, port expansions and new airports. Nile transport services and highway expansions are also planned.

In order to accomplish these aims, the Government's development plans place a big emphasis on building modern and robust transport links capable of handling high numbers of passengers and large volumes of freight. There are substantial business opportunities for private sector investors through PPP schemes including Build-Own-Operate-Transfer (BOOT) models, which increasingly are seen as the way ahead.

Among the projects that the Government hopes will prove attractive to investors are a motorway proposal between Ain Sokhna and Helwan, a bus route linking Cairo's Heliopolis area to Nasr City as well as an

electrified rail track in central Cairo. Officials are also seeking investors for dry ports planned for 10th of Ramadan City and 6th of October City.

Reports suggest that the state-owned Railway Development Company and Roads and Bridges Company may be listed on Egypt's Stock Exchange. The move, if confirmed would represent a clear indication of the Government's desire to rely heavily on private finance and management to execute many of the planned projects.

The projects are extensive and large scale covering the whole country. The National Authority for Tunnels (NAT) is involved in developing three tunnels to run under the Suez Canal south of Port Said, as a part of a plan to develop southern Sinai and the Suez Canal area. Feasibility studies for the tunnels were conducted in 2013, by Madrid based company Getinsa Payma.

NAT was set up in the 1980s to drive forward Cairo's first underground metro line. The Authority is also responsible for the 2.65km twin lane, Al-Azhar Road Tunnel in central Cairo. A project to deliver a third metro



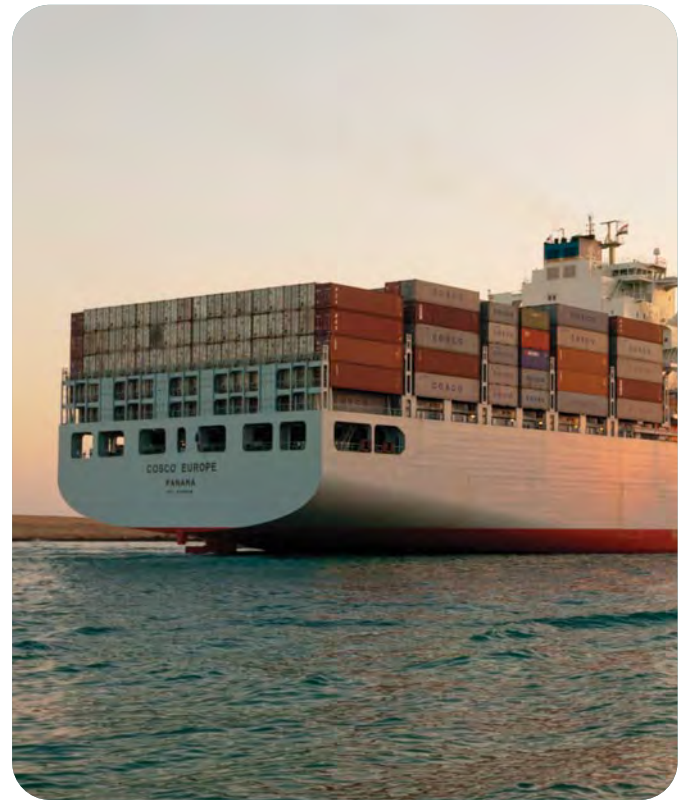
line serving central and western parts of the city is proceeding with the French Development Agency providing finance.

There are also plans to construct another four tunnels under the Suez Canal near Ismailia. Two of these would be for road traffic, another for a railway and a fourth to carry water pipes and other utilities. China Harbour Engineering Company (CHEC) is reported to be carrying out a feasibility study for these tunnels.

Efforts to interest foreign investors are paying off with Dubai International Ports Company agreeing a US\$450 million investment in developing a railway station at Ain Sokhna port on the Red Sea. China's AVIC International Holding Corporation has also signed a memorandum to invest US\$1 billion in a plant to build carriages and locomotives.

Egyptian National Railways (ENR) is seeking international consultants to prepare a plan to develop the national network. In 2014, ENR said that it planned US\$10 billion of investments to upgrade the network with the World Bank already pledging US\$600 million. The modernisation covers signalling, communications, upgrading of existing track and new lines. These would provide links between Cairo and its satellite cities as well as planned new industrial and manufacturing sites along the Suez Canal.

Egypt has a network of just over 5,000km of standard gauge track and some 700 stations, mostly located in the Nile Delta. Additional railway



links between Cairo and the country's main cities, including the planned new administrative centre east of the capital, are part of the expansion strategy. Japanese funding is helping the development of one of the new lines which will provide a connection between Cairo's al-Saleh District and 6th of October City.

The largest single project is a high-speed railway to be constructed on a new alignment between Alexandria and Cairo, which would cost an estimated US\$3.5 billion. The system, once completed could cut the journey time between the two cities to just one hour, from three plus hours at present.





Tourism growth and the opening up of regional airports to low-cost domestic and foreign carriers is stimulating new investment in airport facilities.



Subsequent phases are planned to carry the high-speed link on to Luxor and Aswan in Upper Egypt. Such a capital intensive venture is likely to be developed on a PPP basis. The Government has said it is also studying the possibility of issuing public shares to finance the project. Foreign investor interest has already been expressed. China's Commerce Minister, Gao Hucheng, has stated that his country is keen to work on and invest in Egypt's transport sector, including the planned high-speed railway.

In the long term, railway developments will help to ease the burden imposed by freight operators on an overcrowded and sometimes dangerous road system. The road network extends over 24,000km and carries more than 90% of the country's freight and has the most important role in overland transport. This necessitates that highway improvements are a vital part of transport strategy.

A start has been made with work underway to upgrade 4,000km of the road system as well as improving bridges, though it is estimated that up to US\$8 billion will be required to upgrade the system over the next decade.

New approaches to urban transport needs are also being developed. Japan International Cooperation Agency is providing most of the funding for a fourth metro line, which will provide connections between the capital's Giza area, city centre and Cairo International Airport.

Cairo's first metro line was inaugurated in 1987. It was French designed and financed. A second underground line was opened at the end of the 1990s. The system now extends over 70km and is used by four million passengers per day.

The metro system's planned third and fourth lines are expected to be fully operational in the next five years, with the latter line expected to be linked with a new tram system due to be built in 6th of October City. As these new lines are being developed there are plans for an additional two lines to serve outlying parts of the city.

One transport asset which will cost far less to develop but which has considerable potential, is the River Nile. The great river is navigable for hundreds of miles, less than 1% of all Egyptian cargo shipments are currently transported along it.

If docking and storage facilities and barge systems are developed, river transport could play a much more prominent role in domestic cargo operations and offer a cheaper form of transport for passengers. One service proposed would operate on a route between Cairo and Damietta, a port city, which lies 200km north of the capital on a tributary of the Nile.

Aviation development is also another important element in improving transport services in a country of more than one million km<sup>2</sup>, which is

larger than France and Germany combined. Egypt has around US\$1 billion of airport projects underway. These include the almost completed US\$400 million rebuilding of Cairo International's second terminal and the expansion of Alexandria's Borg el-Arab airport.

Tourism growth and the opening up of regional airports to low-cost domestic and foreign carriers is stimulating new investment in airport facilities at Alexandria, Sohag and Assiut. These airlines play a pivotal role carrying expatriate Egyptian workers to and from Gulf countries and serving the tourist market.

Egypt's Minister of Civil Aviation, Hossam Kamal, has said that the country intends to raise the annual handling of passengers at the country's airports from 54 million to 75 million by 2020. This will result largely from an expansion of capacity at Cairo International Airport and also at those airports serving tourist traffic including Sharm el-Sheikh, Hurghada, Luxor, Aswan and Abu Simbel.

Egyptian Airports Company invited bids at the end of October 2015, for a US\$670 million expansion of Sharm el-Sheikh Airport, where air traffic has grown 10% a year over the last decade. The Islamic Development Bank is providing US\$445 million for the project with most of the balance sourced from the African Development Bank. When the work is completed in 2020, the airport will be able to accommodate 18 million passengers a year, an increase of 80% on present capacity.

A large scale expansion of Ras Sudr airport in Sinai is planned, together with the development of new airports to serve Ain Sokhna on the Red Sea and Port Said on the Mediterranean. In the long term, the



largest new development will be a major international airport to serve the planned new capital.

Development of the country's seaport capacity is also receiving considerable attention. In 2015, Egyptian port authorities issued tenders for three BOOT contracts. These 30 year concessions involve construction and management of new terminals at Safaga on the Red Sea, El-Tor in South Sinai and at Alexandria on the Mediterranean.

The Ministry of Transport is also seeking up to US\$700 million of investment to expand East Port Said's container terminal. The ultimate aim is to triple the annual amount of trade handled by the country's ports to 370 million tonnes by 2030.

The focus on transport is a strategic necessity for Egypt and will underpin the country's geographic advantage as a logistics crossroads between Africa, Europe and other parts of the Middle East. ■

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# Insight into Egypt's real estate sector

Ian Albert, Regional Director, MENA, Colliers International, Egypt



Ian Albert

Egypt has the Arab world's largest population and greatest need for real estate investment. What is the role of Colliers International Egypt in this sector?

While Colliers International have been active in Egypt over the last ten years, the number of enquiries we have received from investors interested in all sectors of the Egyptian real estate market, has spiked over the last two years. During the years of political unrest many investors capitalised on real estate (primarily in the residential market) as a hedge against currency risks and inflation. Recently however investor confidence has been supported by Government investments aimed at the country's infrastructure, as well as a number of planned real estate mega projects.

In Egypt, Colliers International provides leading advisory services to developers, banks, governments and investors within the residential, commercial, retail, hospitality, healthcare, education, infrastructure sectors, PPP and economic and industrial free zones.

Our services include valuations, consulting, appraisals, brokerage, asset management, project management and research.

The Egyptian Government has outlined a programme designed to overhaul the country's economy and encourage investment by eliminating bureaucratic hurdles. How will this strategy impact on the construction sector?

Bureaucracy is one of the main obstacles for investors in any market. Less bureaucracy in the construction sector translates into less paper work, less processing time for formalities and an overall shorter turnover time for projects to be delivered. With this in mind, we would anticipate that the programme would have a positive impact on the construction sector, however, there are of course a number of other factors which could impact the market, such as the price of construction material, labour, investor confidence and the economic climate, so it is really too early to tell.



How do you assess the current climate for foreign investors in housing, commercial property and Egypt's promised mega projects?

With the stabilisation we have seen and continue to see inward FDI, particularly from the GCC States. This reflects both their existing familiarity with Egypt, as they have been investing for many years but also renewed confidence in the retail, commercial and residential markets.

The retail market, which was historically dominated by traditional souks and high street retail, continues to transform, reflecting the changing society and sentiment. In particular Greater Cairo has witnessed a rapid growth in international standard shopping malls and more recently, a focus towards high-end retailing.

Overall market performance across Cairo's residential sales and rental market has improved significantly since 2013. Sales prices across apartments and villas increased by 27% and 64% respectively during the said period. Average rental rates on the other hand, increased by 14% across apartments, while villas witnessed a marginal drop during the same period. Based on current trends, we estimate that the residential market requires an additional 500,000 units by 2020. This constitutes to approximately 90,000-100,000 units every year. Based on historic trends however, average new supply released into the



market annually, is approximately 45,000 units, meeting only 50% of the required amount.

We are continuing to witness significant demand for office space in new cities from local business entities who are willing to relocate to new offices in less congested areas and into developments with better build quality. In the absence of a defined Central Business District (CBD) within Greater Cairo, New Cairo has emerged lately as the capital's CBD assisted by its location - adequate infrastructure, ease of access, proximity to the Cairo International Airport, and the availability of supporting services. The market is expected to remain undersupplied in the short to medium term, with an additional 3.1 million m<sup>2</sup> Net Leasable Area (NLA) of new supply required by 2020. We expect rentals to remain strong, especially across developments offering international build quality in districts away from highly dense areas of the traditional city centre.



Less bureaucracy in the construction sector translates into less paper work, less processing time for formalities and an overall shorter turnover time for projects to be delivered.



Mega projects such as Cairo Airport City and the Suez Canal Expansion, is driving economic growth and the consequential demand for additional housing, retail and social infrastructure. Egypt's large consumer base, positive investor confidence, economic climate, which encourages taxation breaks and low labour costs, together with a growing middle income population, underlines optimistic trends benefitting Greater Cairo's real estate market.

**In addition to Cairo which other Egyptian cities have major construction project plans?**

As the capital of Egypt and the most densely populated city in the country, Cairo remains the key district for forthcoming construction project plans. Colliers has however, witnessed an increase in activity in Ain Sokhna as well as Alexandria. These projects were driven by the hospitality industry, the outlook of which, given that travel bans are in place in major source markets, remains unclear.

**Other than the top end of the Egyptian property market, is there any role for foreign investors in development of affordable housing for low and middle income earners?**

The affordable or mid-market segment has been identified as a key opportunity for investors in Cairo owing to the current gap in the

market. While the low end of the market is addressed by the Government in terms of social housing facilities, and key developers launch projects targeting high income residents, the market gap for affordable housing targeting the majority of middle income residents (77% of the population) remains unmet. Although there still remains unmet demand for upper-middle luxury housing units, given the number of high-net-worth wealthy Egyptians in the market.

**What are the main hazards facing investors? How can these be overcome?**

Risks of developing products which have limited or no demand in the market, can be related to the price positioning, and the product offering itself. The best way to overcome this risk is to clearly understand what the market need is, while also keeping in mind the volume and positioning of forthcoming products. Currency risk also continue to be a key hazard, as well as capital repatriation.

**What routes do you recommend for foreign investors wishing to enter the country's construction and real estate markets?**

Not limiting routes to foreign investments alone, Colliers sees potential opportunity within the affordable/mid-market housing segment, which represent the majority of the population.



Can you comment on the development of new urban centres such as 6th of October City? How successful are these developments proving in relocating the population from the overcrowded capital?

The movement of wealthy and upper-middle income Cairenes to the new communities in order to escape congestion in central Greater Cairo on the one hand, and the continuous housing needs of Greater Cairo's low income populous on the other, constitutes the drive towards the expansion of new cities.

The 6th of October City has been successful in attracting residents from both the upper and middle income demographic, given the lower population densities.

How important is transportation such as railway and road improvement in the development of new residential and commercial areas. Can you point to some examples?

Accessibility is the primary determinant when creating sustainable and successful communities. Developments moving outside the city centre have been ongoing throughout the region. Katameya Heights for example is located in New Cairo, away from the city centre. Despite its location, the development is achieving a healthy market performance

given the quality of the development and the accessibility to community facilities such as retail, education and healthcare.

What are the major upcoming office developments in Cairo and in other Egyptian cities? Is the market for business premises expanding?

Greater Cairo has approximately 800,000m<sup>2</sup> Gross Leasable Area (GLA) of office supply expected to come into the market during the next five years. Almost half of this forthcoming supply is concentrated in New Cairo which is currently witnessing increased interest among businesses looking to move into less congested areas.

Is there a trend towards development of modern shopping malls and other major retail outlets in Cairo as well as other major cities in Egypt? What are the principal current developments? What projects are planned?

The total existing supply in terms of GLA is currently approximately one million m<sup>2</sup>. The majority of confirmed forthcoming supply, falls within the Regional and Super Regional category. Emaar Misr and Majid Al Futtain are currently the largest stakeholders in Greater Cairo's future retail supply, with one development within each developer's portfolio. These developments include Mall of Egypt and Cairo Gate. ■



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# Retail set to flourish

Over the last 15 years there has been a growing demand from those living in Egypt's cities for a more Western oriented shopping experience. In Gulf countries, where many Egyptians work, this trend is long established with Dubai becoming an international shopping hub. Egyptians want the same and in a country with an expanding middle income population, there are many opportunities for developers, given the still relatively low penetration levels by modern stores.

The positive outlook is reflected in the number of households which fall into a middle income bracket of US\$10,000 a year. This number will rise from 9.9% of the population to 15.4% of the total by 2019, according to industry analyst, Business Monitor International (BMI). As a result, shopping habits which have favoured small local retailers, are changing. BMI says the projected growth of people with higher incomes will continue to change the preferences and spending patterns of average Egyptians.

Such changes are enthusiastically supported by the Government, which is looking to develop an efficient retail environment, which in turn will support the country's broader economy. It sees itself as a partner in the development of the retail sector and it is keen to attract foreign investment to enhance standards and competition.

A greater acceptance of foreign products has seen an expansion of franchise operations. This has resulted in a rise in employment, creating more than 40,000 direct jobs and an estimated further

500,000 indirect jobs, as franchised operations have grown in Cairo and Alexandria as well as in tourist areas on the Red Sea.

Franchise operators including Kuwait's M H Alshaya, Saudi Arabia's Fawaz Alhokair and MAC, a local subsidiary of the UAE's Chalhoub Group, as well as Lebanon's Azadea Group are already prominent players on the Egyptian high street.

While small grocery stores are still predominant in the retail environment, traditional family run stores are slowly declining in number as independent modern supermarkets and hypermarkets expand in the rapidly developing upmarket urban areas that surround Cairo.

Customers increasingly want a wider number of products, better quality and variety of merchandise. Supermarkets with global links provide these and also offer convenience to customers. There are now around 600 independent supermarkets in Egypt, built on Western concepts with many of them located in Cairo.

The introduction of hypermarkets, which comprise of stores more than 5,000m<sup>2</sup> and supermarkets with areas of more than 450m<sup>2</sup> as well as mini markets of more than 150m<sup>2</sup>, is helping to reshape the retail industry and the shopping habits of customers.

Increasing numbers of retail complexes are opening in the country and more international brands are entering the market, ranging from clothing, food, consumer goods and over-the-counter pharmaceuticals.

The retail sector continues to advance rapidly, with increasing numbers of hypermarket and supermarket developments underway particularly in urban areas such as Cairo and Alexandria. France's Carrefour, which opened its first store in Cairo covering 28,000m<sup>2</sup> in 2002, now operates six stores and intends to open another 18 outlets over the next four years. The success of Carrefour has encouraged additional retail chains to enter the market.

The historic British company, Spinneys, which is now majority owned by the Dubai based Abraaj private equity group, followed and opened its first hypermarket comprising a 13,500m<sup>2</sup> retail area in Cairo's City Stars Development in 2006, located between Heliopolis, close to the city's airport and the Cairo satellite community of Nasr City. The latter ranked as the largest shopping mall in the country until the Mall of Egypt project, which will open in 2016.

Stretching over 165,000m<sup>2</sup>, the Mall of Egypt is one of the most modern shopping destinations so far developed in the country. The shortly to open US\$623 million project, features modern retail facilities offering international brands, a Carrefour supermarket, a multi-screen cinema and a family entertainment centre, restaurants even an indoor ski slope.

George Kostas, CEO of MAF Properties, which has developed the Mall of Egypt says "We have taken a long term view. We like Egypt and the opportunity it offers our businesses. We are very committed to the country and accordingly, people have supported us." MAF is a subsidiary of Dubai based Majid Al-Futtaim.

Hypermarkets require large plots of land to build retail space, storage areas and car parks which in large urban centres such as Cairo, lie in the outskirts of the city, and this is where the Mall of Egypt has been built in Giza Province.



Retail customers also increasingly prefer locations away from congested and polluted city centres. As a result, developers are looking for project opportunities in areas such as New Cairo, a 15 year old suburban area on the southeast fringes of the Capital, and 6th of October City. Both areas are easily accessible from Cairo and feature more modern infrastructure than older central areas in Cairo such as Maadi and El Dokki. They are now the locations for developments such as the City Stars and Festival City Mall, with the latter expected to accommodate a 32,000m<sup>2</sup> IKEA store.

Dubai owned construction giant Emaar Misr, is planning a US\$700 million project on a 65 hectare site close to the Cairo-Alexandria desert road which will include new homes, commercial developments, hotels and a shopping mall.



There has been a growing demand from those living in Egypt's cities for a more Western oriented shopping experience.



Meanwhile the retail conglomerate Lulu, part of the Abu Dhabi based EMKE Group, recently opened its first hypermarket. The 52,000m<sup>2</sup> store is located in the New Cairo area of the city and is described as the start of a US\$300 million investment drive into Egypt.

The store's opening has a high level of support and its inauguration was attended by the Minister of Supply and Internal Trade, Khalid Hanafy, and other high ranking officials. The company's Chairman, Yusef Ali, commented that Egypt is considered to be a very important market for the company as it seeks to bring world class shopping closer to the Egyptian public.

In addition to the capital, new hypermarkets are also expected to be opened in Alexandria and Minya. At the Egyptian Economic Development Conference in Sharm el-Sheikh in 2015, the Mall of Egypt developer Majid Al-Futtaim signed a Memorandum to invest US\$655 million in eight projects over five years, bringing its investments in Egypt to more than US\$3 billion. The group's subsidiary MAF, has already built city centre malls in Cairo and Alexandria and the company's additional investments are expected to create 144,000 direct and indirect jobs by 2018.

A number of new giant retail projects are also integral to the development of Zayed Crystal Park in 6th of October City. The park is to be developed around a centrepiece 200m high, 49 storey pyramid shaped building.

Another mega project in the planning stage, is Wonder World Commercial City at Ain Sokhna on the Red Sea, a multi-faceted project involving development of an entertainment and hotel complex and a commercial area aimed to serve new projects under development along the Suez Canal.

Cairo Airport City will also be formed around a series of logistical, retail and recreational developments near the city's international airport. The first projects are expected to include a 62,000m<sup>2</sup> shopping mall and a 30,000m<sup>2</sup> business park.

Clearly, Egypt is opening up to the mall concept and there is scope for many more to be developed. According to Colliers International, the consumer base for Greater Cairo, exceeds 17 million people making it an attractive market for international and regional retailers. In the short to medium term Colliers says the market could absorb an additional 1.6 million m<sup>2</sup> of new developments by 2020.

Saudi Arabia's Fawaz Alhokair Group, has said that it intends to build further space at the Mall of Arabia it developed in 6th of October City and with further plans to build a new mall to the east of the city, close to the international airport.

BMI estimates that household spending makes up just over 30% of GDP. Since this pattern is likely to continue, with consumer spending expected to increase from US\$101 billion to US\$128 billion by 2019, Egypt is becoming an attractive destination for retail investment. ■



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# Education investment is key to economic growth

Egypt's Government is committed to a comprehensive improvement of the country's education standards. Over the last decade education has been at the top of national priorities. The Education Strategic Plan 2007-2010 declared education was a right for all and achievement of this goal is a collaborative and collective responsibility of every Egyptian national institution within a decentralised system.

A poor quality of public education in Egypt has consistently been cited as a major impediment to both economic and political development. Reformers agree that Egypt needs an education system which encourages critical thinking, problem solving, team work and innovation, rather than rote memorisation.

Egypt's Sustainable Development Strategy-Vision 2030, aims to promote human resources through education and health. The aim is to make Egypt one of the top 30 countries in the quality of basic education it provides, as well as eliminating illiteracy and improving the level of enrolment for pre-school children aged 4-6 to 80%. In terms of higher education, the aim is also to see ten of Egypt's 24 universities entering the list of the top 500 universities in the world.

The push to raise standards is already apparent. In 2015, Egypt's spending on education was set to reach US\$12.9 billion, a 16% increase on the previous year. In 2016, total state spending

on education will rise further to represent 11.1% of total budgetary expenditure.

Overcrowding, with classes of between 40-50 children combined with poor facilities do not amount to an environment conducive to learning. In order to ease these pressures, many schools operate in shifts with students only attending for part of the day. Teachers receive relatively low salaries and rely on private tuition work to top up their incomes.

While an expansion of literacy programmes and more financial support will help poorer families, there is also a need for greater gender parity and improvements in teaching methods and the calibre of the teachers. Weakness in an administrative capacity is an additional obstacle preventing progress in educational reform.

Overcoming these constraints is recognised as an urgent requirement. The number of students in the compulsory education age group (6 years to 14 years) is projected to grow 16% or 2.3 million between 2015-2025. The population of an age for senior secondary schooling is projected to rise by 1.48 million (31%) over the same period.

Egypt is seeking to decentralise administration and budgetary powers allowing schools more scope to respond to local needs. There is also an urgent need for reform to improve linkages between the demands of the labour market and the education system.

Traditional methods of teaching place a heavy emphasis on rote learning, together with national examinations based on specific lessons taken from textbooks in the last two years of high school. This leaves students ill prepared when they enter the work place, lacking the skills required for careers in technology and other areas.

The need for Egypt is to make education and training relevant to its economic prospects and developing citizens with a rounded education. This involves shifting the orientation of Egyptian schooling from the acquisition and repetition of knowledge to the development and demonstration of skills.

The task involves overhauling the provision of Technical and Vocational Education and Training (TVET), by upgrading its capacity and status, re-orientating its results to current and emerging labour market requirements, and integrating it as a system at the centre of Egypt's transformation agenda.

The country's secondary school leaving exam needs to be reconstructed, alongside the development of more valid and reliable assessment methods and a more flexible approach to university admissions. Many of the assessments by international agencies are accepted by the Government, which is determined to press on with its agenda of reform.

Education and Technical Education Minister, Dr El-Helali el Sherbini, says the department is keen on improving vocational education by building a bridge between vocational schools and the work place. As a result, more than 1,000 vocational schools are to be developed in Egypt with science, technology, engineering and mathematics at the forefront. The initiative supports a new vision of Egypt as a country equipped with both the human capital and institutional resources to compete and excel in the international marketplace.



Minister of Higher Education and Scientific Research, Ashraf el Shihi, also says that the Egyptian Government is prioritising education related issues and is paying great attention to financing higher education, viewing this as a key factor in the promotion of scientific research.

According to Ashraf Mahmoud Hatem, Secretary General of the Supreme Council of Universities in Egypt, three education reform projects are due to start in 2016, with a view for completion in 2019. These include the introduction of a funding and regulatory agency, based on the Higher Education Funding Council for England. In addition, a national centre for assessment and evaluation, modelled on the agency at Cambridge University, is to be formed as well as a



Schools are being upgraded at the rate of 10% a year with new facilities to include computers, multimedia laboratories and internet connectivity.



training centre for leadership at Egyptian universities based on the UK's Leadership Training Centre.

Egypt has also launched a free digital library of academic journals. This Egyptian Knowledge Bank is open to all members of the public and is part of the President's plan to develop Egypt as a "learning society," according to Tarek Shawki, Chairman of Egypt's Presidential Advisory Council for Education and Scientific Research.

In April 2016, Sir Michael Barber, a UK expert on public service delivery and education reform, met Minister of Education El-Hilali el Sherbini, to discuss Egypt's efforts to improve its education system. Earlier in January 2016, a Memorandum of Understanding (MoU) and Letters of Intent were signed during a visit to Britain by an Egyptian higher education delegation. The MoU covers ten partnership agreements between universities in the UK and Egypt, designed to build scientific research and increase opportunities for student and staff exchanges.

The memorandum includes partnerships between Kings College London and Cairo University's faculty of medicine and between University College London (UCL) with New Giza University, a private institution. The latter partnership involves assistance to New Giza to develop a curriculum with the same standards as UCL.

The Government is seeking to see a 50% increase in the number of Egyptians enrolled in university or technical education by 2021. In addition to new universities and technical institutes some 4,700 new schools are planned over the next five years. More than half of these are expected to be built by private investors. PPP schemes are also being sought for more than half the planned public school developments.

There is a strong growth in private schooling and independent for-profit universities, some of which include foreign participation. Schools are being upgraded at the rate of 10% a year with new facilities to include computers, multimedia laboratories and internet connectivity.

Opportunities for suppliers include technical and vocational training, teacher training, curriculum development, qualifications certification, teacher and management training, school supplies including information and communication technology and English language training. Since English is increasingly the business language of Egypt, especially in the tourism industry, fluency is increasingly a core skill for technicians and engineers.

Considerable efforts are underway to raise educational standards and the Government is receptive to new ideas and international involvement in carrying out this strategy which promises so much for Egypt if it is conducted effectively. ■



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# Fast expanding ICT sector attracts top companies

Egypt sees ICT as the key enabler for national economic and social development and for strengthening the country's competitiveness.

In less than a decade, ICT has become the fastest growing business area in the country with around 6,500 companies now involved, a 20% increase occurring in just the last two years. ICT companies already generate US\$9.2 billion in annual turnover and there are hopes this could increase to more US\$25 billion in the next five years and contribute 8% of GDP compared to a little over 4% at present.

The Government's objective therefore, is to develop a strong ICT industry that excels in software development, component manufacturing and assembly. Building on this, the aim is to position Egypt as a prominent knowledge based economy in the region and at the same time improve services in education and healthcare.

The Ministry of Communications and Information Technology (MCIT) is seeking to connect all public service authorities with internet connections and recognises that even the smallest village communities should have at least one high-speed internet access point by 2021.

As part of these plans, Egypt's National Broadband Plan, known as eMisr, is seeking to mobilise a US\$2.4 billion investment from the public and private sectors to develop infrastructure to establish broadband connections to schools, healthcare facilities and other public bodies. The intention is to see PCs in at least 40% of homes by 2021.

The MCIT expects nine million households will subscribe to internet services over the next six years, more than twice the number at present. The Ministry also anticipates that 90% of the country will be covered by the latest 4G mobile telecoms services, providing high-speed networks in the same period.

The Government has determined that the new Egypt must be a digital society. As a result there is very strong support from the highest political level to implement the strategy and also to ensure good coordination between different players involved in promoting the sector.

In view of this support, Egypt is also becoming an attractive investment destination for foreign ICT firms. Companies, including Apple, Cisco, Hewlett Packard, Intel, Microsoft, Oracle, Teradata, Valeo, Vodafone and Yahoo, have established subsidiaries to support their businesses. One main draw has also been the availability of a well qualified workforce with relevant specialist skills and the infrastructure the sector needs to operate.

Most internet access is supplied through cellular phones, a trend enhanced by the spread of smart devices. Egypt has three mobile phone networks Vodafone Egypt, MobilNil and Etisalat, all of which provide internet linked services. There are an estimated 8.6 million fixed line subscribers provided with their connections by the state-owned Telecom Egypt, which is a minority shareholder in all of the mobile operators.



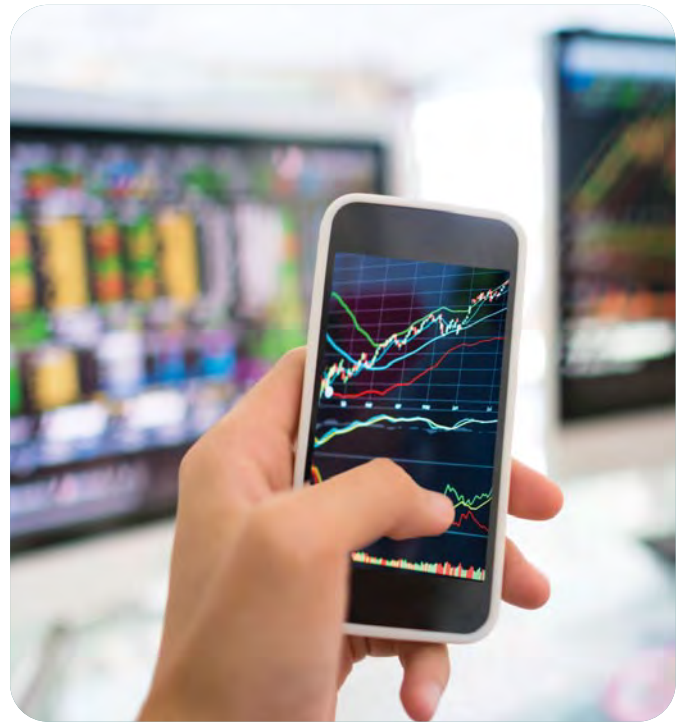
As well as the existence of a sound nationwide telecom system, a number of factors are also encouraging the entry of foreign ICT providers and at the same time stimulating development of a large scale domestic industry. A significant factor is that English is widely used amongst many layers of Egyptian ICT professionals.

Egypt is also a convenient location to access markets in the Arabian Gulf, the Levant, North Africa, sub-Saharan Africa and Europe. The country has growing fibre optic cable connectivity able to deliver higher bandwidth and enhanced ICT linkage to top companies. The country accommodates 18 submarine cables providing 100GB per second of internet backbone capacity connecting to Europe, Asia and the Middle East.

According to Olaf Krahmer, a senior Cisco Systems executive, the country is interconnected with more countries than any other in the world. "In the next 5-10 years, up to 40% of global internet traffic will go through Egypt from Asia to the Mediterranean and then Europe and North America, making it a strategic ICT location," he says.

All of this provides the foundation for the development of a home grown software development industry, able to find export markets particularly for countries seeking Arabic content. There is no shortage of local expertise with an estimated 66,000 commerce students graduating each year from Egyptian universities and the UN's Conference on Trade and Development (UNCTAD), ranking Egypt among the top ten emerging economies for its IT skills.

The Government therefore sees ICT as a promising area to provide employment opportunities to young educated Egyptians and one of the MCIT's aims is to help the sector create 75,000 direct jobs and 220,000 indirect job opportunities by 2017.



These recruits can provide an abundant flow of personnel to the Business Process Outsourcing (BPO) industry, where companies offload their back office functions and help enquiries to firms in other countries. In such a globally competitive business, Egypt has a cost advantage with BPO company overheads lower than Eastern Europe and comparable to those in India.

The country continues to strengthen its position as a fast emerging location for BPO, with companies expanding operations and new entrants arriving. Industry analyst, Frost & Sullivan, describes Egypt as "a rising star of contact centre offshore destinations."

BPO is already well established in Egypt with the country named as offshoring destination of the year by the European Outsourcing





In less than a decade ICT has become the fastest growing business area in the country with around 6,500 companies now involved, a 20% increase occurring in just the last two years.



Association in 2010. Multinationals such as Stream Global Services, IBM and Vodafone have set up substantial and growing service centres in the country, ranging from customer support to account management and other back-office functions.

France's Teleperformance was among the first international call centre operators in Egypt. The UK's Vodafone provides support for its market base there as well as in Australia, New Zealand and the UK, employing around 1,750 staff in Cairo.

The locally incorporated Raya Corporation, has a contact centre employing some 2,000 personnel providing services in English, French, German, Spanish and Italian. UK headquartered Xceed employs 2,000 personnel in Egypt, serving customers in the US, Europe and Gulf region. Other specialist BPO service providers include the US firms Sykes and Stream Global Services.

The Smart Village technology park outside Cairo has become the centre of Egypt's BPO industry. It is the first dedicated ICT business centre and is the centrepiece of a national plan to attract foreign investors with competitively priced modern office space and tax breaks.

The technology park became operational in 2003, and has since attracted more than US\$1 billion of investment and created more than 40,000 jobs. It has been augmented by the Contact Centre Park in central Cairo's Maadi District, which started in 2009. The 120 hectare

Smart Village is located west of Cairo on the Alexandria Road and near 6th of October City. Firms that have opted to locate there include Systel, Alcatel Lucent, Microsoft, Ericsson, IBM, Hewlett Packard, Nokia Siemens and Vodafone.

Driven by this success, the Government is seeking to expand the BPO sector into cities other than Cairo and Alexandria, by establishing clusters of technology firms in new purpose built industrial parks with modern infrastructures and a broad range of supporting business services.

The strategy involves expanding the number of technology parks initially to six and eventually to 20 throughout Egypt. Probable locations include Mansoura, a city 120km northeast of Cairo in the Nile Delta. The Government is keen to establish the technology parks in various provinces in order to boost local economies and encourage development of SMEs.

The planned new technology parks are also to be developed to serve new industries and businesses in the Suez Canal Economic Zone. A 470 hectare site at Qantara between Port Said and Ismailia, close to the latter's university is to be the location for one of these centres. Two other technology parks are planned for Port Said on the north coast and for Ain Sokhna on the Red Sea, with the latter also accommodating manufacture of computer equipment, semiconductors and other electronic items. ■



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# Vodafone Egypt: Proud of their leading position in the telecom industry

## Vodafone Egypt

Since entering the Egyptian market 17 years ago, Vodafone has invested around US\$4 billion into Egypt and the telecom sector. Our constant consideration for the developments and innovation needed in the telecom sector has made us one of Egypt's leading brands; with more than 39 million loyal subscribers already part of our network. As the largest company within the mobile telecom sector, Vodafone Egypt has provided consistent excellence for almost two decades; creating a standard of customer service that we as a company can be proud of. Vodafone Egypt has the largest share of the mobile internet segment; a 25 million strong market and is quickly growing in share of the high speed ADSL market as recognition of our leadership position as the market grows. Today, Vodafone Egypt owns 7% from the ADSL market.

Vodafone Egypt is proud to be Egypt's number one telecom provider, offering increased customer satisfaction through investing to improve the network and enhance performance. Over the last three years alone, Vodafone Egypt invested US\$1.2 billion to enhance the network performance, allowing Vodafone to become Egypt's most credited service provider and help further the company vision of increasing market share and offering the highest level of customer satisfaction.

Vodafone's commitment to meeting the highest industry and customer service standards has now allowed the company to secure more than 40% of Egypt's mobile market.

Egypt is considered one of Vodafone's key markets and Vodafone Egypt is proud of its strong and consistent investment into the telecom industry infrastructure that has not only led us to be the

number one telecom provider in the country, but also ensured increased services for customer satisfaction.

Vodafone Egypt has worked diligently to ensure nationwide access to our services, with 1,300 branches across Egypt's key governorates and plans to create 3,000 more direct employment opportunities over the next three years. As a company, Vodafone strives to offer the highest standards of products and services in the industry, which is why we already employ more than 7,000 Egyptians of the highest calibre. As a leader in Egypt's outsourcing industry, Vodafone was one of the sector pioneers, as the first telecom company to bring telecom outsourcing to Egypt in 2002. Since then, Vodafone Egypt has been recognised for its close partnership with key outsourcing companies and partners and is honoured to have been a key player in the substantial FDI which the sector has brought to the country. With a team of around 3,900 employees, Vodafone's outsourcing service now covers Germany, Uganda, Spain and the UK and we are pleased to announce plans to further expand our expertise in this service by increasing the outsourcing team to 7,000.

Vodafone Egypt is a strong advocate and supporter of a number of important NGO's in Egypt. Our dedication to the development of the country through the Vodafone Egypt Foundation for Society Development is one of our greatest achievements and Vodafone contributes substantially to the development of Egypt and the communities in which it works. Vodafone's philanthropical contributions to the country have been continually recognised for their impact on key development sectors, highlighting us as a leader for change in the community. ■

# Xceed: 15 years of success

## Company background

Xceed is the leading multilingual Business Process Outsourcing (BPO) Service provider in the EMEA region, with a capacity of more than 4,000 web enabled multi-channel stations, managing programmes for clients covering four different continents, in seven different languages. We currently operate from four sites in Cairo and one site in Morocco, which has recently expanded to 750 seats in CasaNearshore, Casablanca.

Xceed was established in 2001, to act as the IT arm for Telecom Egypt, the incumbent operator providing superior customer care services for key government & commercial accounts in different European languages.

We enable our clients to meet their sales objectives by offering them quality services providing quality training to each individual. We understand the learning curve associated with each agent; and so we go the extra mile in completing initial training in a professional/satisfactory manner from an internal and client standpoint.

Quality is the back bone of our call centre in providing World class customer service. Quality is defined by the business needs of our clients and our ability to understand and deliver upon agreed standards.

## Company products, services and specialty:

We offer tailor-made services which cater to a diverse pool of clients.

Since 2003, we have been supporting a wide array of services customised to our clients' needs.

We adjust our operations, services and teams to our clients' changing business demands. From long term staffing needs to short term solutions, our flexibility allows us to handle the amount of agents needed for our clients' programmes rapidly and efficiently.

We have extensive experience in numerous industries such as telecoms, technology, tourism, automotive, financial services, and healthcare. We deliver superior quality and value to our clients, thanks to our highly trained agents and continuous innovations.

## Scope of services offered:

- Inbound Services
- Outbound Services
- Back Office Services
- Omni Channel Support (Chat, Mail, Social Media)
- Infrastructure Management Services
- Helpdesk Support
- Recruitment Process Outsourcing
- Shared Services Outsourcing (Payroll, Accounting, Procurement) ■



[www.xceedcc.com](http://www.xceedcc.com)

For more info email us at  
| [info@xceedcc.com](mailto:info@xceedcc.com)



## Xceed, your perfect fit

Xceed adjusts its operations, services, team to your changing business demands. From long-term staffing needs to short-term solutions, Xceed enjoys the flexibility of adding/ reducing the number of agents needed for your program quickly and efficiently. Xceed has an extensive experience in numerous industries such as technology, tourism, aviation, automotive, health care and telecom; that 's why Xceed helps you better meet the needs of your customers.



# New laws opens up Egypt's huge mining potential

The Government has planned new legislation to boost domestic and international investment in the mining sector. An end to bureaucratic and legal uncertainties is designed to open up the vast potential of the country's mineral wealth to international investors. It is hoped that the sector's contribution to the economy will rise from an estimated 0.4% of GDP in 2014 to more than 5% within the next ten years.

There is plenty to interest investors. The US Geological Survey (USGS), counts Egypt among the world's leading producers of cement, nitrogen fertiliser, phosphate rock and gold. It is one of the African continent's largest crude steel producers and one of the world's top eight, for direct reduced iron.

Manganese and copper are produced as well as a wide range of industrial minerals. These include ammonia, barite, basalt, bentonite, kaolin, limestone, feldspar, granite, gypsum, coal, marble, phosphate rock, quartz, silica sand, sulphur, talc and urea.

In July 2015, Egypt published Executive Regulations for the country's mining operations. The Regulations, issued by the Egyptian Mineral Resources Authority (EMRA), set out a new tax and royalty structure for

the mining sector. The significance of the move is that it is expected to allow the country's new mining law, passed by Parliament at the end of 2014, to be implemented.

The draft has been prepared by the EMRA with the assistance of the International Finance Corporation, an affiliate of the World Bank. The new legislation makes rules transparent, and contracts once agreed, non-renegotiable. This represents a major turning point which will stimulate investment in the sector, which has been held back by legal uncertainties.

In order to develop the mining industry, Egypt will need considerable input of capital and skills, to maximise opportunities. A positive factor is that considerable mining activity does already take place. The state-owned El Nasr Mining venture, is extracting a very wide range of minerals.

Several international cement companies have operations in Egypt. These include Spain's Cementos La Union, Cementos de Portugal, Switzerland's Holcim, Italy's Italcementi Group, Greece's Titan Group, France's Lafarge and Vicat Group.

Egypt is the Middle East's largest salt producer with an annual output of some three million tonnes. Large scale salt production is undertaken by El Nasr Salines in Alexandria and near El Arish in Sinai.

Alexandria based Rasheed Performance Minerals Group operates several mines producing barite and bentonite. Both of these products are widely used in the oil industry for drilling, with barite also used in the production of paper and in radiology equipment.

Iron ore is mined by the state-owned Egyptian Iron & Steel near the El-Bahariya Oasis in the Western Desert, 300km southwest of Cairo. Further deposits have been found to the southeast of Aswan.

EMRA says that it is looking at the development of phosphate rock deposits in the Western Desert and at Wadi Al Gadid, in the southeast of the country, as well as a number of mineral resources in the Sinai Peninsula.

There is considerable potential to develop phosphate mining operations at Abu Tartur, 650km south of Cairo in Egypt's New Valley. The 1,200km<sup>2</sup> area is estimated to possess reserves of close to a billion tonnes of phosphate ore. Further promising phosphate prospects are also located along the Red Sea coast and in the Eastern and Western Desert areas.

The country is seeking to capitalise on renewed interest in gold mining in its Eastern Desert, an area where some 120 ancient Pharaonic mines have been identified. South Africa's Anglo Gold Ashanti and Canada's



Alexander Nubia International, are among companies conducting or considering exploration work.

Outside of a few areas, Egypt's mineral resources have barely been explored. As a result, the country's mining sector is hugely under developed with gold extraction being the main attraction for investors. UK listed company Centamin is the main player in this activity and operates the only large scale modern mine in the country's Eastern Desert.

Egypt has a long history of gold mining, going back to ancient times with the Pharaohs and Romans extracting high grade quartz veins and alluvial gold near to the surface. Until recently these limited methods of extraction have continued. Centamin's investment has proved that there is still much to be recovered with modern mining technologies.



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Centamin's Sukari mine is the country's principal gold extracting operation. The mine is located 23km southwest of Marsa Alam, in the country's Eastern Desert and is the first modern large scale operating gold mine in Egypt. The ore is mined from both open pit and underground mines.

They project an 18 year life for the mine which is estimated to have reserves of ore able to yield more than ten million troy ounces of gold.

Australia's Gippsland is exploring nine areas in the Wadi Allaqi in the Southeast. Eight of the areas contain historical gold works, with the ninth containing a copper-nickel deposit, the Perth based company says.

Precious metals are just one element of interest for the company. Another focus is the estimated 44.5 million tonnes of tantalum, tin and feldspar deposits at Abu Dabbab, located about 16km from the western

shore of the Red Sea. Feldspar has extensive industrial applications including in the production of glass and ceramic products, steel and paint. Gippsland believes that Egypt can rank among the world's leading producers of tantalum in particular, for many years to come.

Due to tantalum's resistance to corrosion it is also a crucial component of jet engine turbine blades and for equipment used in chemical plants. It is also in high demand by the electronics industry in the production of capacitors, used in mobile devices, laptop computers and digital cameras.

Gippsland's subsidiary, Tantalum Egypt, in joint venture with the ECMR, is also looking at developing another deposit southwest of Abu Dabbab, which contains niobium as well as tantalum and feldspar. Niobium is an important product used in the manufacture of heat resistant equipment, super alloys and products such as stainless steel.

Egyptian geologists have also discovered the presence of ores containing rare earths near Alexandria on the Mediterranean coast. These elements, including ilmenite, rutile, magnetite, thorium and monazite, are widely used in the manufacture of high technology products.

The country's main mining developments are due to take place as part of the "Golden Triangle" project. Presently at the study stage, the concept envisages developing a comprehensive range of projects including agriculture and tourism but mainly mining, in a 6,000km<sup>2</sup> area, stretching from Edfu south of Qena, to Marsa Alam on the Red Sea coast and to the ports of Safaga and Qusayr. The 30 year plan aims to create an integrated industrial complex, exploiting minerals ranging from gold ore to shale oil. Fertiliser production will also be a key component of the plan. The project includes the processing of phosphates mined in the Western Desert.

A masterplan has been commissioned by Egypt's Industrial Development Authority and is forecast to eventually create 400,000 jobs. The plan is being developed by the Genoa based Italian engineering services company, D'Appolonia in conjunction with consultancy firms, the Dutch based Ecorys and the US based J T Boyd.

The blueprint is expected to be published in the first quarter of 2016, and to then be followed by calls for bids to operate mining concessions.

D'Appolonia's CEO, Roberto Carpaneto, says that the Golden Triangle offers the possibility to exploit phosphate for fertiliser projects, raw materials for the cement industry, from shale and limestone, along with gold mining and petroleum production from oil shale. "One of the industrial quick wins transferred to Egypt, will be clusters of industries using land leased to investors, based on a value chain approach applied, for example, to the exploitation of construction materials or to phosphates for agro-industry," he says.

The plan is looking at a number of inter-related projects. Many transport projects are also expected to be generated by the development, including the rebuilding and the extension of a single track railway between Safaga and Qena and construction of new logistics facilities at Safaga Port.

While there is substantial scope for developing and modernising existing mining operations, many more exploration opportunities are apparent. These are plentiful in the country's Eastern and Western Deserts and in areas adjacent to the Red Sea coast, which stretches north to south, some 760km to the border with Sudan. ■

## Private sector set for increasing role in agriculture

Agriculture is one of Egypt's most important economic sectors accounting for 14.5% of GDP and an estimated 29% of employment. However, food security is a growing issue facing the Arab world's most populous country and a major overhaul of farming policy is in place. In particular, the Government is seeking to maximise the crops it produces and ensuring that these are not wasted due to inefficient distribution and storage methods.

Egypt's total agricultural base is an estimated 3.5 million hectares. At little more than 3% of the country's total land, this resource is tiny compared to a country such as France where more than half the area is made up of agricultural land. Egypt is also almost totally dependent on the River Nile to irrigate its farmland.

As the Nile ebbs and flows it deposits nutrient rich sediment, particularly during its annual flood, onto an otherwise arid landscape. As a result, virtually the entire population and the country's agriculture are concentrated in the Nile River Valley in southern Egypt and the Nile Delta in the north. However, there are increasing pressures on farmers to provide sufficient crops to feed an increasing population.

The sector has also diversified in recent years into both new crops and markets with Egyptian potatoes and runner beans increasingly seen in European supermarkets. Export revenues from fresh produce have reached US\$2 billion a year and their production is now a significant source of rural employment according to the UN's Food and Agriculture Organisation (FAO).

There are many challenges to overcome in a sector struggling to grow sufficient food for its 90 million people. The Government wants to modernise and reform farming methods in order to raise productivity in an effort to cut the nation's US\$4.5 billion annual food import bill.

Import costs are inflated by the subsidies which guarantee universal access to bread at less than one US\$0.01 per loaf. Subsidised bread encourages the population to consume more bread per person than almost any other country.

While the country has a large domestic wheat production of around seven million tonnes per year, locally sourced grain is still insufficient. As a consequence, the country is the largest wheat importer in the world. Russian wheat imports make up to 40% of total



demand from Egypt, according to the state buyer the General Authority for Supply Commodities.

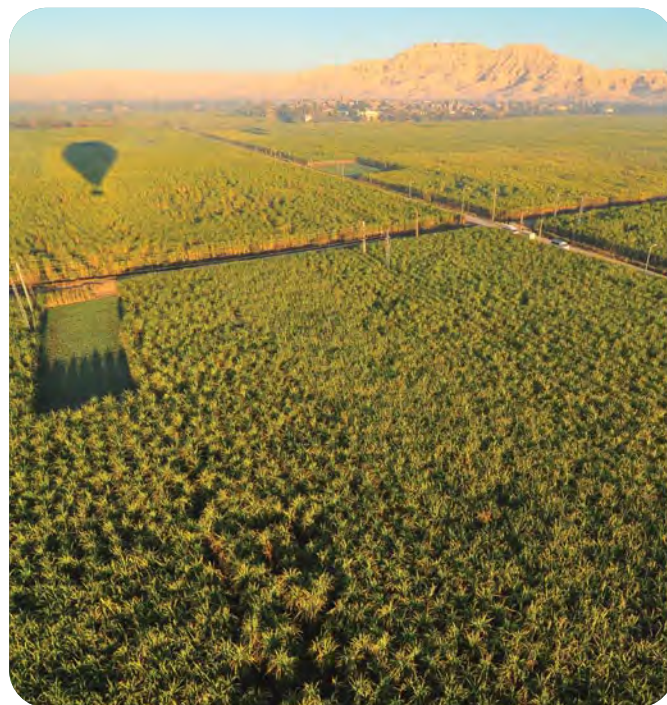
Egypt has no option but to increase its food production and is targeting increases in wheat, rice, maize, sorghum, barley, sugar cane, vegetables, dairy, poultry products and fish.

Since he came to office in 2014, President Abdel Fattah el-Sisi and his ministers have made the expansion of farmland by 20% a priority task, and have discussed plans to reclaim 630,000 hectares of desert land for farming projects.

A first phase aims to expand agricultural land to grow wheat and forage in the Farafra Oasis in the New Valley which is located in the Western Desert. The Farafra project covers 4,200 hectares and involves digging 40 wells to draw on underground water sources. Homes, roads and other utilities to support this project and other new farming communities are also to be built.

Land allocation and the licencing processes for new farming projects are to be improved. This will be done by establishing a single body for authorising agricultural investments and by streamlining existing laws and procedures applicable to land allocation and the issuing of title deeds and permits.

The Government is keen for farming to take place on a larger scale and become more integrated with storage and logistics networks. More than 80% of farms are less than three hectares in size and typically rely on surface irrigation for water. Cooperatives are seen as a way forward which could raise productivity and the earnings of smallholders. Unambiguous land titles will also enable farmers and agricultural investors to use the areas allocated to them as bank collateral and help them access credit facilities.



Radical improvements are urgently needed. The food supply chain is fragmented among a large number of distributors, wholesalers and retailers. This is coupled with poor storage capabilities leading to high crop wastage rates, for example 40% for tomatoes and 20% for cereals. Some studies suggest that nearly half of Egypt's imported wheat goes to waste, due to a lack of transport and storage facilities. The Minister of Supply and Internal Trade, Khaled Hanafy, has said the country is losing millions of dollars because of this.

Egypt's agricultural development plan calls for large productivity gains to unlock the sector's high growth potential and generate a large number of jobs focusing on traditional areas in the Nile Valley and the Nile Delta. Productivity gains will result from improved water management systems and modern irrigation networks.



As the Nile ebbs and flows it deposits nutrient rich sediment, particularly during its annual flood, onto an otherwise arid landscape.



It is planned that land reclamation projects will be private sector led, with 49 year leases tendered to investors through a transparent bidding process. The Government has also said it intends to offer 30% of reclaimed land in small allocations to young farmers to manage them as cooperative ventures. The aim is also to provide strategically located storage facilities and links with agribusinesses.

Crop and livestock productivity programmes are also to be implemented with improvements to infrastructure, designed to promote market oriented cooperatives. The intention is to raise standards through improved processing and handling of crops and meat with more cold stores and an upgrading of food safety and quality.

Gilles Mettetal, Director of Agribusiness at the European Bank for Reconstruction and Development, says “Stepping up investment in Egypt’s agricultural sector is of vital importance, considering the country’s dependence on food imports.” The Bank and the FAO are seeking to mobilise investment from the private sector, to help improve the country’s food security.

There is considerable scope for improved irrigation technologies and canals as well as developing the means of storing rainwater on farmland and new crop varieties more resistant to drought.

Using new technologies, modern storage methods and irrigation systems can lead to the development of a vertically integrated agribusiness, focusing on higher value products such as fruit, vegetables, poultry farming and food processing to deliver olive oil, fruit juices and dairy items.

The FAO observes that fish farming could also be combined with poultry farms, with the latter providing fertiliser for fish ponds. Experts say other feasible solutions include overhauling irrigation systems as well as growing more profitable crops. Fruit cultivation has substantial export potential and would require less water usage but require investment in logistics including refrigerated transport and storage.

A lack of storage facilities near farms, ports and markets is a longstanding problem which is now being addressed. A new US\$360 million terminal dedicated to handling agricultural crops,

with a capacity to handle eight million tonnes a year is planned for Sokhna Port.

The UAE Government is working with the Arab Organisation for Industrialisation (AOI) in a major project to build 25 grain silos with a combined storage capacity of 1.5 million tonnes. The first two of these silos were due for completion at the end of 2015, at Amiriya and Damietta.

It is a strategic project and is being developed by the AOI and managed by the Egyptian armed forces. The AOI was set up in the 1970s by Egypt and Gulf countries, initially to produce armaments but is now involved in producing a range of items beyond its original remit, including electronics and vehicles. When completed, it will be managed by the state-owned General Company for Silos and Storage.

The UAE's Swaidan Group has signed a Memorandum to invest in the grain logistic hub in Damietta where another UAE company, Al Ghurair Group, is seeking to acquire a large amount of storage capacity. Indian companies are also reported to be interested in investing in Damietta, which is developing as a regional logistics hub, storing, trading and processing grain products.

Probably the biggest challenge to agricultural development is securing sufficient water resources. Egypt has treaty rights to three quarters of the 74 million m<sup>3</sup> of the River Nile's usable flow each year with the agricultural sector relying on it for 80% of its irrigation needs.

The 6,700km River Nile is the world's longest river and flows through ten countries - Rwanda, Burundi, Democratic Republic of the Congo, Tanzania, Kenya, Uganda, Ethiopia, South Sudan, Sudan and Egypt. The River follows a course of 1,600km through Egypt, 24% of its entire length, before reaching the Mediterranean.

The river represents a huge water resource for Egypt but there is growing competition from other sectors such as industry and manufacturing and the country's ever expanding urban communities. The amount of water available from the Nile to Egypt, could also be reduced in coming years as a result of global warming with less rainfall and more evaporation affecting the river.

Another challenge could arise from Africa's largest hydro project being developed by Ethiopia, which could hold back huge volumes of water. All these concerns are making a new approach to water use and prioritising the farming of less water consuming crops, are important considerations for the Government.

Egypt's agricultural sector also has to take action over the significant waste of fresh fruit and vegetables caused through inadequate storage capacity. "The FAO is convinced that private sector investment can make a difference, not only in strengthening the efficiency of scarce natural resources but also in terms of competitiveness," according to Abdelsallam Ould Ahmed, the organisation's Regional Representative for the Near East. ■

## Tourism sector - recovery and investment

Egyptian officials are determined to revitalise the country's hard hit tourism sector after four years of turmoil and instability. This effort involves a series of measures designed to restore confidence, encourage investment and counter misplaced perceptions.

Despite the damaging setbacks experienced throughout the region, the great majority of Egyptian tourist areas whether beach resorts or classical sites have remained free from acts of terrorism. At the same time, there is a sense of realism that security changes will need to take place if visitors, tour groups as well as the airlines serving them, are going to be attracted back in their previous numbers.

Egypt's tourism sector has suffered severely over the last few years, not just from events within the country, but also unrest in other parts of the region which has resulted in a huge drop in visitor numbers in many neighbouring destinations as well.

The industry was badly hit after the 2011 revolution, though signs of a revival were seen by 2014. There have been further setbacks since,

particularly the travel advisory notices issued by many countries advising against travel to Egypt following the loss of a Russian airliner over Sinai in October 2015. Despite the difficult and challenging outlook, the Government is determined to get the sector back on its feet.

The sector is vitally important for the whole country. In 2014, tourism provided 12.6% of direct and indirect jobs, 11.3% of GDP and 9% of foreign currency receipts. With an estimated 6,000 companies involved, the sector is also one of most privatised in the economy and continues to be a key economic driver.

Achieving a growth trajectory is not an impossible task. The sector has overcome big setbacks and with many existing assets, in addition to the prospect of huge investment in new resorts, there is reason for optimism. The Ministry of Tourism points out that "Egypt is privileged to have an amazing dual inheritance of historical monuments without parallel and a beautiful natural environment. In the last few years, political instability has hit the tourism sector hard, but the

fundamentals remain and we are confident that within a few years we can not only meet, but exceed our previous highs. Private sector investment is crucial to this recovery ensuring that both our standards and facilities are among the best in the world."

Hisham Zaazou, Egypt's recently appointed Tourism Minister, says that Egypt is working to restore confidence in international tourism markets, by boosting security and persuading potential visitors to return to cultural sites and beach resorts.

In December 2015, the Government appointed the UK's Control Risks to conduct an assessment of the country's airport security initially at Cairo International Airport and Sharm el-Sheikh Airport. Zaazou says that Egypt is seeking the help of outside experts to assess, revise and raise the country's standards of security and intends to appoint an international firm to enhance procedures at Egyptian airports.

Officials believe that enhanced security measures will send a message to those deterred by fears that travel will be disrupted, encouraging their return to Egypt. At the same time, officials seek to increase visitor numbers and raise the average amount of spending by each visitor. If momentum can be restored, revenues of more than US\$20 billion could be reached by 2020.

This means more than doubling the revenues of recent years. Tourism revenues are expected to grow to between US\$7.5 billion and US\$8 billion in 2016, after reaching between US\$6 billion and US\$7 billion in 2015. Visitor numbers for 2015, are estimated at 8.9 million with a 10-15% increase predicted for 2016, Zaazou has said. In 2014,



tourism revenues of US\$7.2 billion were recorded – still a sharp drop from the high point of US\$12.5 billion the sector earned in 2010.

Elhamy el-Zayat, Chairman of the Egyptian Tourism Federation, has stated that improving the country's tourism sector depends on altering perceptions of the country held outside. The biggest challenge for Egypt is to shift this perspective to a more equitable and positive image.

As part of this effort, J Walter Thomson (JWT) has been appointed to project its tourism with a fresh campaign to promote the country. The international advertising and public relations consultant has been awarded a three year contract, reportedly valued at US\$68 million, to launch a campaign to emphasise the positive side of the country's tourism sector. JWT says it intends to focus on social media to promote Egypt in addition to conventional marketing campaigns.





The Government's overall strategy to reinvigorate tourism is focused on stronger marketing, improved accessibility by air to more tourist hubs and improving links with other destinations in Egypt.



In the last 20 years, there has been a steady shift in the direction taken by international tourists. While the Sphinx, Great Pyramid, the marvels of Luxor and Abu Simbel and Nile cruises continue to attract American, Chinese, Japanese and European visitors, far more visitors are younger and drawn to beach holidays in resorts which have been developed over the last two decades. International standard hotel facilities are now the major attractions drawing visitors seeking to escape winter in Europe. Hurghada, Soma Bay, Marsa Alam as well as Sharm el-Sheikh are now well established as international resorts.

Until 2006, the largest number of visitors came from Germany and the UK with nearly one million per year from each country. By 2010, at peak times there were 220 flights a week from Britain alone. In the last ten years Egypt has become a major destination for Russian tourists, with many also acquiring real estate on the Red Sea coast.

The Ministry of Tourism has a bold objective to reach pre-crisis annual tourism revenue in 2016 of around US\$11.6 billion and to restore a growth trajectory. By 2018, the Government has set a target of achieving inflows of US\$15 billion from the sector. This revenue is predicted to attract 15 million visitors, slightly more than the record number of 14.7 million achieved in 2010.

It may take time to draw increased numbers of tourists from Europe but any shortfall is likely to be made up by increasing Egypt's appeal to a

wider international clientele, especially to visitors from Asia and the wider Middle East through dedicated marketing campaigns.

At the same time, a broader effort is being made to promote lesser known areas of the country, including new upmarket holiday resorts and residential communities being developed in the north on the Mediterranean coast.

The Government's overall strategy to reinvigorate tourism is focused on stronger marketing, improved accessibility by air to more tourist hubs and improving links with other destinations.

An action plans also calls for extensive training programmes to boost productivity, increasing the average spend per night by visitors through to the development of SMEs and fast tracking development of new projects with simplified approval procedures.

A detailed plan was unveiled at the Egypt Economic Development Conference at Sharm el-Sheikh in March 2015. The plan is being bolstered by a US\$1 billion private equity Papyrus Fund, underwritten by Cairo Financial Holding.

In addition to the Fund, the Government has announced that it is to offer areas of land in prime locations for investment in the tourism sector, including areas on the Red Sea at Marsa Alam, Gamsha Bay north of Hurghada, and a development opportunity as co-investor with

the Egyptian Tourism Development Company (ETDCO) in Sahl Hasheesh, south of Hurghada.

Additional project opportunities include partnering Egyptian Resorts Company, which is exploring potential cooperation with investors or developers on its planned Waterfront Festival World project at Sahl Hasheesh. Kuwait's Al Kharafi Group is also open to a strategic investor to partner the development of a 30km<sup>2</sup> leisure complex at Port Ghalib, near Marsa Alam.

The strategy calls for development of beach resorts and cultural tourism, by improving communications infrastructure such as airports and roads and a focus on improving the quality of services. A broadening of the sector is also being sought which would develop facilities for a greater number of business visitors, including convention venues as well as recreation activities with golf, yachting and other sports.

The North Coast, stretching hundreds of kilometres west of Alexandria has a great deal of development potential. The area has long been a favoured summer destination for middle class Cairo residents seeking the coast's milder Mediterranean climate. In recent years the area has also drawn the attention of international developers. These include Dubai's Emaar, which is constructing a major new resort at Marassi, 125km west of Alexandria near El Alamein. Emaar and other developers are embarked on a number of projects to build tourist and residential resorts offering pristine beaches, upmarket hotels, golf courses and other recreational facilities.

Gulf companies and local developers currently dominate Egypt's tourism landscape, though wider foreign interest is increasingly apparent. The US hotel company, Starwood Hotels and Resorts Worldwide, is due to open a new hotel in Cairo in 2016 and a second property in Sharm el-Sheikh in 2020. An improvement in long term confidence by the hotel industry is apparent through plans announced by international hotel brands at the end of 2015. Swissotel said it would develop new hotels in Cairo and Sharm el-Sheikh. Hilton and Westin Resort plan hotels on the Red Sea in Al Sokhna and Soma Bay respectively.

The Tourism Minister has said he plans to make up for the short term loss of international business by encouraging greater visitor numbers from the Arabian Gulf. This policy is already succeeding with around 450,000 Saudis visiting Egypt in 2015, compared to 400,000 in 2014. Following restrictions imposed on flights to Sharm el-Sheikh Airport by Russian and other foreign airlines, Saudi Arabian Airlines has said it will increase scheduled flights to the resort from eight to 14 per week in 2016. Kuwait and Azerbaijan are also due to increase their scheduled flights to the airport.

The task of reviving Egypt's tourism sector and restoring its revenues will take time. However, improved security procedures and a much improved investment climate resulting from the return of political stability, is expected to have a significant positive impact. A focus on development through the launch of private equity funding to support new tourism projects, is also making the sector's outlook a good deal brighter. ■

# Key Facts



Egypt plays an influential role in the Middle East and was elected a non-permanent member of the UN Security Council in October 2015. Its influence is reflected politically, culturally and militarily. With nearly 90 million people, it is also the most populous country in the Arab world occupying strategic areas of North Africa and Sinai.

Approximately 90% of Egyptians are Muslim with the remaining mainly being Coptic Orthodox Christians. Most of the country's population is located along the Nile River and its Delta as well as its principal cities of Cairo and Alexandria.

The country shares 2,612km of land borders with Sudan to its south, Israel and the Gaza Strip to the east and Libya to the west. Egypt's coastline

stretches along the Mediterranean, running just over 1,000km from Rafah in the east on the Sinai Peninsula to Sallum in the west on the Libyan border. Along the Red Sea, Egypt has 1,705km of coastline, including 945km on the Gulf of Suez and Gulf of Aqaba.

The Government is on course to modernising and expanding its transportation infrastructure. This comprises a paved road network of nearly 127,000km, 5,085km of railway, some 72 airports, of which nine accommodate international traffic. Major seaports are located at Alexandria, Damietta, El Dhekeila, Port Said and Suez.

Egypt has a well established industrial base. Oil and natural gas extraction also comprises an important part of the country's economy where agriculture also has a significant role. Tourism has been damaged as a result of regional instability but has considerable potential for future growth. The Government is keen to develop manufacturing and exploit more of the country's natural resources, particularly natural gas, phosphates and gold.

In 2014, Egypt adopted a new constitution and elected Abdel Fattah el-Sisi, a new President who has emphasised the need to reform the economy. In December 2015, a legislature was elected, the first Parliament since 2012. The new Government has developed a plan centred on structural reform and investment promotion to raise growth and create jobs, and fiscal adjustment to bring the budget deficit and public debt under control.

Egyptian officials are confident that they will be able to follow through on their policies and that improved confidence will lead to a surge in FDI, an increase in tourism, and strong economic growth.

International bodies such as the IMF have stated that with steadfast commitment to reform, Egypt's economic prospects could be even stronger than predicted with a recovery in investment exceeding expectations. ■

# EGYPT



**Head of State:** President Abdel Fattah el-Sisi

**Prime Minister:** Sherif Ismail

**Last national elections:** 26-28 May 2014 (next to be held in May 2018)

**Area:** 1,001,450km<sup>2</sup>

**Coastline:** 2,450km

**Border countries:** Gaza Strip, Israel, Libya, Sudan

**Governorates (Provinces):** Matruh, Red Sea, Giza, South Sinai, North Sinai, Suez, Beheira, Helwan, Sharqia, Dakahlia, Kafr el-Sheikh, Alexandria, Monufia, Minya, Gharbia, Faiyum, Qena, Asyut, Sohag, Ismailia, Beni Suef, Qalyubia, Aswan, Damietta, Cairo, Port Said, Luxor, 6th of October

**Capital:** Cairo

**Total Population:** 88,487,396 (July 2015)

**Population of capital:** 18.7 million

**Climate:** Desert; hot and dry in summer with moderate winters

**Languages:** Arabic (official), English and French

**Religions:** Muslim (predominantly Sunni) 90%, Christian (majority Coptic Orthodox, other Christians include Armenian Apostolic, Catholic, Maronite, Orthodox, and Anglican) 10%

**Ethnic groups:** Egyptian 99.6%, other 0.4%

**Monetary unit:** Egyptian Pound (EGP)

**Natural resources:** Petroleum, natural gas, iron ore, phosphates, manganese, limestone, gypsum, talc, asbestos, lead, rare earth elements, zinc

**Major exports:** Crude oil and petroleum products, fruits and vegetables, cotton, textiles, metal products, chemicals, processed food

**Main industries:** Textiles, food processing, tourism, chemicals, pharmaceuticals, hydrocarbons, construction, cement, metals, light manufactures

**Main export trading countries:** Italy (9.2%), Saudi Arabia (7.4%), India (7.2%), Turkey (5.4%), US (4.2%)

**Major imports:** Machinery and equipment, foodstuffs, chemicals, wood products, fuels

**Main import trading countries:** China (11.2%), Germany (7.9%), US (7.4%), Kuwait (5.1%), Italy (4.6%), Ukraine (4.4%), Russia (4.2%), Turkey (4.1%)

**Internet domain:** .eg

**International dialling code:** +20

Source: CIA Factbook

## Featured Contacts

**A** Abraaj Group: [www.abraaj.com](http://www.abraaj.com)  
Abu Dhabi Islamic Bank: [www.adib.ae](http://www.adib.ae)  
Acwa Power: [acwapower.com](http://acwapower.com)  
African Development Bank: [www.afdb.org](http://www.afdb.org)  
Alcatel Lucent: [www.alcatel-lucent.com](http://www.alcatel-lucent.com)  
Alexander Nubia International: [www.alexandernubia.com](http://www.alexandernubia.com)  
Alfa Group: [www.alfagroup.org](http://www.alfagroup.org)  
Al Ghurair Group: [www.al-ghurair.com](http://www.al-ghurair.com)  
Al Kharafi Group: [www.makharafi.net](http://www.makharafi.net)  
Anglo Gold Ashanti: [www.anglogoldashanti.com](http://www.anglogoldashanti.com)  
Ansaldo: [www.ansaldo-sts.com](http://www.ansaldo-sts.com)  
Apache Corporation: [www.apachecorp.com](http://www.apachecorp.com)  
Apple: [www.apple.com](http://www.apple.com)  
Arab African International Bank: [www.aaib.com](http://www.aaib.com)  
Arab Organisation for Industrialisation: [www.aoi.com.eg](http://www.aoi.com.eg)  
Arabtec: [www.arabtecuae.com](http://www.arabtecuae.com)  
AVIC International Holding Corporation: [www.avic-intl.com](http://www.avic-intl.com)  
Azadea Group: [www.azadea.com](http://www.azadea.com)

**B** Bank of America Merrill Lynch: [www.bofam1.com](http://www.bofam1.com)  
Banque du Cairo: [www.banqueducaire.com](http://www.banqueducaire.com)  
Banque Misr: [www.banquemisr.com](http://www.banquemisr.com)  
Barclays Egypt: [www.barclays.com.eg](http://www.barclays.com.eg)  
BG Group: [www.bg-group.com](http://www.bg-group.com)  
BMW: [www.bmw.com](http://www.bmw.com)  
BP: [www.bp.com](http://www.bp.com)  
British Egyptian Business Association: [www.beba.org.eg](http://www.beba.org.eg)  
Business Monitor International: [www.bmiresearch.com](http://www.bmiresearch.com)

**C** Carrefour: [www.carrefour.com](http://www.carrefour.com)  
Cementos La Union: [www.launion.es](http://www.launion.es)  
Centamin: [www.centamin.com](http://www.centamin.com)

Central Agency for Public Mobilisation and Statistics: [www.capmas.gov.eg](http://www.capmas.gov.eg)  
Central Bank of Egypt: [www.cbe.org.eg](http://www.cbe.org.eg)  
Chalhoub Group: [www.chalhoubgroup.com](http://www.chalhoubgroup.com)  
China Harbour Engineering Company: [www.chec.bj.cn](http://www.chec.bj.cn)  
China State Construction Engineering Company: [www.cccme.org.cn](http://www.cccme.org.cn)  
Cimentos de Portugal: [www.cimpor.pt](http://www.cimpor.pt)  
Cisco Systems: [www.cisco.com](http://www.cisco.com)  
Citroen: [www.citroen.co.uk](http://www.citroen.co.uk)  
Coca-Cola: [www.coca-cola.com](http://www.coca-cola.com)  
Colliers International: [colliers.com](http://colliers.com)  
Commercial International Bank: [www.cibeg.com](http://www.cibeg.com)  
Control Risks: [www.controlrisks.com](http://www.controlrisks.com)  
Credit Suisse: [www.credit-suisse.com](http://www.credit-suisse.com)

**D** Danieli: [www.danieli.com](http://www.danieli.com)  
Danone: [www.danone.com](http://www.danone.com)  
D'Appolonia: [www.dappolonia.it](http://www.dappolonia.it)  
DEA: [www.dea-group.com](http://www.dea-group.com)  
Dentons Egypt LLC: [dentons.com](http://dentons.com)  
Dongfang Electric Corporation: [www.dongfang.com](http://www.dongfang.com)

**E** Eagle Hills: [www.eaglehills.com](http://www.eaglehills.com)  
East Port Said Development Company: [www.ep-egypt.com](http://www.ep-egypt.com)  
Ecorys: [www.ecorys.com](http://www.ecorys.com)  
EDF International: [www.edf.fr](http://www.edf.fr)  
Edison: [www.edison.com](http://www.edison.com)  
EFG Hermes: [efghermes.com](http://efghermes.com)  
Egypt Air: [egyptair.com](http://egyptair.com)  
Egyptian Airports Company: [www.eac-airports.com](http://www.eac-airports.com)  
Egyptian British Business Council: [www.ebbc-uk.org](http://www.ebbc-uk.org)  
Egyptian British Chamber of Commerce: [www.theebcc.com](http://www.theebcc.com)  
Egyptian Commercial Service: [www.ecs.gov.eg](http://www.ecs.gov.eg)



Egyptian Electricity Holding Company: [www.eehc.gov.eg](http://www.eehc.gov.eg)  
 Egyptian Ethylene & Derivatives Company: [www.ethydc-eg.com](http://www.ethydc-eg.com)  
 Egyptian General Petroleum Corporation: [www.egyptoil-gas.com](http://www.egyptoil-gas.com)  
 Egyptian Iron & Steel: [www.hadisolb.com](http://www.hadisolb.com)  
 Egyptian Mineral Resources Authority: [www.emraonline.com](http://www.emraonline.com)  
 Egyptian Mortgage Refinance Company: [www.emrc-online.com](http://www.emrc-online.com)  
 Egyptian National Railways: [enr.gov.eg](http://enr.gov.eg)  
 Egyptian Ready Made Garments Export Council: [www.rmgec-egypt.com](http://www.rmgec-egypt.com)  
 Egyptian Refining Company: [www.ercegypt.com](http://www.ercegypt.com)  
 Egyptian Resorts Company: [www.erc-egypt.com](http://www.erc-egypt.com)  
 Egyptian Steel: [www.egyptian-steel.com](http://www.egyptian-steel.com)  
 Egyptian Tourism Federation: [etf.org.eg](http://etf.org.eg)  
 El Nasr Mining: [www.elnasrmining.com](http://www.elnasrmining.com)  
 El Nasr Salines: [www.nasrsalines.net](http://www.nasrsalines.net)  
 Elsewedy Electric: [www.elsewedyelectric.com](http://www.elsewedyelectric.com)  
 Emaar: [www.emaar.com](http://www.emaar.com)  
 Emaar Misr: [www.emaarmisr.com](http://www.emaarmisr.com)  
 Emirates National Bank of Dubai: [www.emiratesnbd.com](http://www.emiratesnbd.com)  
 EMKE Group: [www.lulugroupinternational.com](http://www.lulugroupinternational.com)  
 Eni: [www.eni.com](http://www.eni.com)  
 Ericsson: [www.ericsson.com](http://www.ericsson.com)  
 Etisalat: [www.etisalat.com](http://www.etisalat.com)  
 European Bank for Reconstruction and Development: [www.ebrd.com](http://www.ebrd.com)  
 European Investment Bank: [www.eib.org](http://www.eib.org)  
 Eversheds: [www.eversheds.com](http://www.eversheds.com)

**F** Fawaz Alhokair Group: [fawazalhokair.com](http://fawazalhokair.com)  
 Food and Agriculture Organisation: [www.fao.org](http://www.fao.org)  
 French Development Agency: [www.afd.fr](http://www.afd.fr)  
 Frost & Sullivan: [ww2.frost.com](http://ww2.frost.com)  
 Future University in Egypt: [www.fue.edu.eg](http://www.fue.edu.eg)

**G** GDF Suez: [www.gdfsuez-energy.co.uk](http://www.gdfsuez-energy.co.uk)  
 General Authority for Supply Commodities: [www.gasc.gov.eg](http://www.gasc.gov.eg)  
 General Company for Silos and Storage: [www.gcss-egypt.com](http://www.gcss-egypt.com)  
 General Electric: [www.ge.com](http://www.ge.com)  
 Getinsa Payma: [www.getinsapayma.com](http://www.getinsapayma.com)  
 Gippsland Ltd: [www.gippslandltd.com](http://www.gippslandltd.com)

Gleeds Construction Consultancy Egypt S.A.E: [eg.gleeds.com](http://eg.gleeds.com)  
 Globeleq: [www.globeleq.com](http://www.globeleq.com)

**H** Hassan Allam and Sons: [www.allamsons.com](http://www.allamsons.com)  
 Hewlett Packard: [www.hp.com](http://www.hp.com)  
 Holcim: [www.holcim.com](http://www.holcim.com)  
 Housing & Development Bank: [www.hdb-egy.com](http://www.hdb-egy.com)  
 Hilton: [www.hilton.com](http://www.hilton.com)  
 HSBC: [www.hsbc.com](http://www.hsbc.com)  
 Hyundai: [www.hyundai.co.uk](http://www.hyundai.co.uk)

**I** IBM: [www.ibm.com](http://www.ibm.com)  
 IKEA: [www.ikea.com](http://www.ikea.com)  
 Industrial Development Authority: [www.ida.gov.eg](http://www.ida.gov.eg)  
 Interger: [www.intergen.com](http://www.intergen.com)  
 International Finance Corporation: [www.ifc.org](http://www.ifc.org)  
 Inchcape Shipping Services Ltd: [www.iss-shipping.com](http://www.iss-shipping.com)  
 Intel: [www.intel.com](http://www.intel.com)  
 International Finance Corporation: [www.ifc.org](http://www.ifc.org)  
 I-Score: [www.i-score.com.eg](http://www.i-score.com.eg)  
 Italcementi Group: [www.italcementigroup.com](http://www.italcementigroup.com)

**J** Japan International Cooperation Agency: [www.jica.go.jp](http://www.jica.go.jp)  
 Jeep: [www.jeep.com](http://www.jeep.com)  
 JP Morgan Chase: [www.jpmorgan.com](http://www.jpmorgan.com)  
 J T Boyd: [www.jtboyd.com](http://www.jtboyd.com)  
 J Walter Thomson: [www.jwt.com](http://www.jwt.com)

**K** KfW IpeX-Bank: [www.kfw-ipeX-bank.de](http://www.kfw-ipeX-bank.de)  
 Kraft: [www.kraftfoodsgroup.com](http://www.kraftfoodsgroup.com)

**L** Lafarge: [www.lafarge.com](http://www.lafarge.com)

**M** MAF Properties: [www.majidalfuttaim.com](http://www.majidalfuttaim.com)  
 Malvern College Egypt: [www.malverncollege.edu.eg](http://www.malverncollege.edu.eg)  
 Masdar: [www.masdar.ae](http://www.masdar.ae)  
 M H Alshaya: [www.alshaya.com](http://www.alshaya.com)  
 Microsoft: [www.microsoft.com](http://www.microsoft.com)

Middle East Association: [www.the-mea.co.uk](http://www.the-mea.co.uk)  
 Ministry of Civil Aviation: [www.civilaviation.gov.eg](http://www.civilaviation.gov.eg)  
 Ministry of Communications and Information Technology:  
[www.mcit.gov.eg](http://www.mcit.gov.eg)  
 Ministry of Electricity & Energy: [www.moee.gov.eg](http://www.moee.gov.eg)  
 Ministry of Supply and Internal Trade: [www.msit.gov.eg](http://www.msit.gov.eg)  
 Ministry of Tourism: [www.tourism.gov.eg](http://www.tourism.gov.eg)  
 MobilNil: [www.mobinil.com](http://www.mobinil.com)  
 Moody's Investor Service: [www.moody's.com](http://www.moody's.com)

**N** National Authority for Tunnels: [www.nat.org.eg](http://www.nat.org.eg)  
 National Bank of Abu Dhabi: [nbad.com](http://nbad.com)  
 National Bank of Egypt: [www.nbe.com.eg](http://www.nbe.com.eg)  
 Nestle: [www.nestle.com](http://www.nestle.com)  
 New Cairo British International School: [www.ncbis.co.uk](http://www.ncbis.co.uk)  
 New & Renewable Energy Authority: [www.nrea.gov.eg](http://www.nrea.gov.eg)  
 Nokia Siemens: [www.nokiasiemensnetworks.com](http://www.nokiasiemensnetworks.com)  
 Norfund: [www.norfund.no](http://www.norfund.no)

**O** Oracle: [www.oracle.com](http://www.oracle.com)  
 Orascom Construction: [www.orascom.com](http://www.orascom.com)  
 Overseas Private Investment Corporation: [www.opic.gov](http://www.opic.gov)

**P** Palm Hills Developments: [www.palmhillsdevelopments.com](http://www.palmhillsdevelopments.com)  
 PricewaterhouseCoopers: [www.pwc.com](http://www.pwc.com)

**Q** Qatar National Bank: [www.qnb.com](http://www.qnb.com)

**R** Raya Corporation: [www.rayacorp.com](http://www.rayacorp.com)  
 Regus: [www.regus.co.uk](http://www.regus.co.uk)  
 Rosatom State Atomic Energy Corporation: [www.rosatom.ru](http://www.rosatom.ru)

**S** SACE: [www.sace.it](http://www.sace.it)  
 Samcrete: [www.samcrete.com](http://www.samcrete.com)  
 Sanmar Group: [www.sanmargroup.com](http://www.sanmargroup.com)  
 Shanghai Electric: [www.shanghai-electric.com](http://www.shanghai-electric.com)  
 Shell: [www.shell.com](http://www.shell.com)

Siemens: [www.siemens.com](http://www.siemens.com)  
 SkyPower Group: [www.skypower.com](http://www.skypower.com)  
 Spinneys: [www.spinneys-dubai.com](http://www.spinneys-dubai.com)  
 Standard Chartered: [www.sc.com](http://www.sc.com)  
 Standard & Poor's: [www.standardandpoors.com](http://www.standardandpoors.com)  
 Starwood Hotels and Resorts Worldwide: [www.starwoodhotels.com](http://www.starwoodhotels.com)  
 Stream Global Services: [www.stream.com](http://www.stream.com)  
 Swaidan Group: [www.swaidan.com](http://www.swaidan.com)  
 Swissotel: [www.swissotel.com](http://www.swissotel.com)  
 Sykes: [www.sykes.com](http://www.sykes.com)  
 Systel Telecom: [www.systel.com.eg](http://www.systel.com.eg)

**T** Tantalum Egypt: [www.gippslandltd.com](http://www.gippslandltd.com)  
 Telecom Egypt: [te.eg](http://te.eg)  
 Teleperformance: [www.teleperformance.com](http://www.teleperformance.com)  
 Teradata: [www.teradata.com](http://www.teradata.com)  
 Terra Sola: [www.terra-sola.com](http://www.terra-sola.com)  
 Titan Group: [www.titan.gr](http://www.titan.gr)  
 Total: [www.total.com](http://www.total.com)

**U** UK Trade & Investment: [www.ukti.gov.uk](http://www.ukti.gov.uk)  
 Unilever: [www.unilever.com](http://www.unilever.com)  
 Union of Arab Banks: [www.uabonline.org](http://www.uabonline.org)

**V** Valeo: [www.valeo.com](http://www.valeo.com)  
 Vicat Group: [www.vicat.com](http://www.vicat.com)  
 Vodafone: [www.vodafone.com](http://www.vodafone.com)

**W** Wood Group: [www.woodgroup.com](http://www.woodgroup.com)  
 World Bank: [www.worldbank.org](http://www.worldbank.org)

**X** Xceed: [www.xceedgroup.com](http://www.xceedgroup.com)

**Y** Yahoo: [www.yahoo.com](http://www.yahoo.com)

**Z** Zaki Hashem & Partners: [www.hashemlaw.com](http://www.hashemlaw.com)




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